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How to set your prices profitably

Forging new frontiers in large animal practice

1989's beat-the-clock tax maneuvers

NOVEMBER 1989

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

1989 CONTINUING SURVEY RESULTS

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THE LATEST IN VETERINARY FEES

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NOVEMBER 1989

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MEMO FROM THE EDITOR

A fair price, a fair return

Will you lose clients if you raise your fees? Will you lose interest if you see that question one more time? What used to be a major concern for practitioners nationwide is apparently losing some of its steam: Fees are up nearly 16 percent this year for all veterinarians, perhaps because our consultants and your colleagues keep hammering away at the myth that you'll risk everything if you charge more.

This year, we've moved our fee articles out of the client arena and into the practicalities of running a business: How, exactly, do you set fees that offer not only a decent living for you and your staff, but a fair return on the considerable investment you've made in education, facilities, and equipment? We offer two methods here, each of which revolves around your most valuable practice asset: *your* time.

Of course, you can't remove clients from the equation all together. A reporter from MONEY magazine recently asked me about cost-effective veterinary care. What could he tell his readers about saving money when it comes to their pets? I'm afraid he had phone shopping in mind, but we talked about preventive medicine instead, and he seemed genuinely surprised by and interested in the concept. Sure it makes sense to prevent parvo or FUS before it becomes *really* expensive. Why hadn't he thought of that earlier? I suppose the answer is that his veterinarian had never explained preventive care.

In exchange for your higher prices, your clients will want value, service, convenience, and *information*. When you consider the benefits you and the pets you care for will reap, it's not a bad deal.

Becky Turner

Rebecca Turner

veterinary economics

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A Medical Economics Publication

1989 CONTINUING SURVEY RESULTS

THE LATEST IN VETERINARY FEES

Last year, we made the case for raising your fees; this year, they're up more than 15 percent. To continue the proactive mood, we present your current fees, plus two solid methods for setting fees in the 1990s.

By Catherine Lumetta
ASSOCIATE EDITOR

If the numbers tell the story, veterinarians are becoming more aggressive in setting their fees. According to our 1989 Continuing Survey, this year's median total average client transaction fee for all practitioners is $40.80—up $5.60, or 15.9 percent, from the 1988 figure. The jump is much bigger than we saw last year: Average client transaction fees climbed only 3.5 percent between 1987 and 1988.

In addition to fees for particular services, this year's survey asked practitioners to provide average transaction fees from clinical procedures and drugs; fees from merchandised products; and the total of the two. You'll find a breakdown of the clinical-based *vs.* merchandised-based fees on page 26.

Regional increases in average client transaction fees reached as high as 25.4 percent in the Plains States, as indicated by the map on the opposite page. The Southwest showed the least increase with a 13.5-percent fee hike.

Average client transaction fees also rose across-the-board for all practitioner types, as follows:

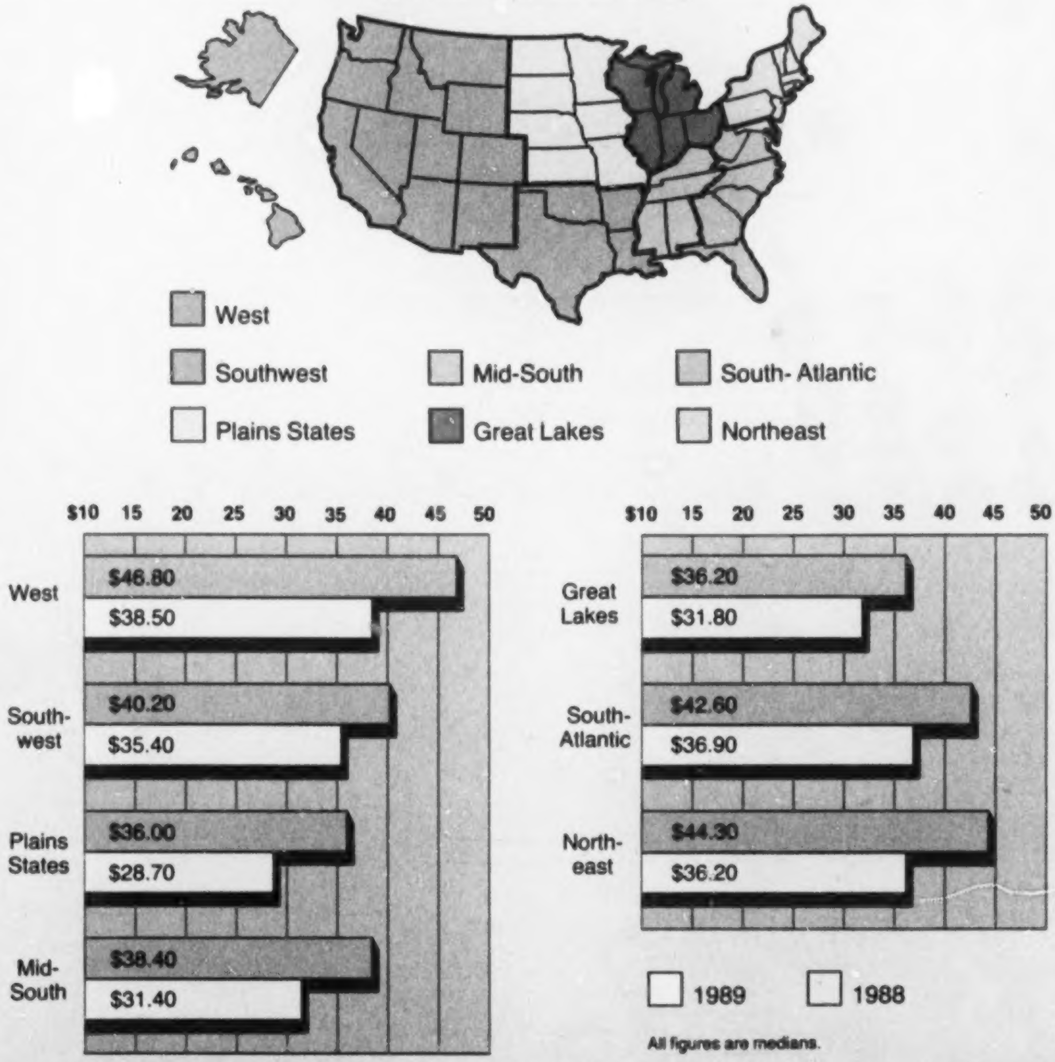
- small animal fees—from $35.60 in 1988 to $40.90 in 1989;
- mixed animal fees—from $30.20 to $35.80;
- large animal fees—from $29.20 to $35.70;
- and equine fees—from $52.30 to $53.90.

On page 26, you'll find the going rate for vaccinations. Mixed animal practitioners continue to charge the lowest vaccination fees across all species. Beginning on page 28, you'll find detailed breakdowns of specific fees, all organized by practitioner type. Our large base for small animal respondents allows us to present their fees by region.

The fees shown here offer trends and a basis for comparison, but as you'll see in the articles

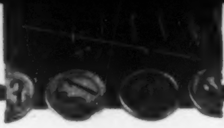
A REGIONAL LOOK AT AVERAGE CLIENT TRANSACTION FEES

The Plain States make the boldest strides with a 25.4-percent increase.



All figures are medians.

Average client transaction fees shown here include charges for clinical procedures, drugs, and merchandised products.



WHAT BRINGS IN THE MONEY?

	Average client transaction fee for:	
Practice type	Clinical procedures and drugs	Merchandised products
All DVMs	$35.50	$10.40
Small animal	37.10	10.30
Mixed animal	30.00	8.80
Large animal	25.30	*
Equine	47.50	*

*Base insufficient

All figures are medians.

MIXED PRACTITIONERS CHARGE LOWEST VACCINATION FEES

		Dog[1]	Cat[2]	Horse[3]	Livestock[4]
Small animal	☐	$26.50	$22.60	—	—
	▨	26.10	26.20	—	—
Large animal	☐	—	—	—	$5.10
	▨	—	—	—	3.70
Mixed animal	☐	23.10	18.50	$18.60	4.90
	▨	23.00	18.10	16.80	5.40
Equine	☐	—	—	25.80	—
	▨	—	—	25.20	—

☐ 1989

▨ 1988

[1] Rabies, DHL, parvovirus

[2] Rabies, panleukopenia, upper respiratory virus

[3] Tetanus, sleeping sickness, equine rhiopneumonitus

[4] All normal shots

All figures are medians.

that follow, your own fees are best set based on your own circumstances. The fee-setting methods offered here are based on the premise that, besides earning a living, you should get a fair return on your total investment, and that your costs should be fairly allocated to your clients.

On page 36, economic consultant Michael J. Strausser shows how to determine what your time and investment are worth on an hourly basis—and how that figure translates into a fee schedule for all of the procedures you perform and services you offer in your practice.

On page 42, Sidney J. Baxendale and K. Jack Easley, DVM, describe a computerized planning model for systematically linking your fees to a desired practice income. With such a model, you can set up "if-then" situations: What will happen to your income if you adjust some of your fees?

A well-thought-out fee schedule takes time, effort, and perhaps a consultation with your practice accountant or advisor. Your fees are the stanchions of your practice and should not be ignored lest they fall apart—and take your practice with them. ▶

All figures in this article are medians. Research by Medical Economics Co. Inc. Research Group for VETERINARY ECONOMICS. This article is © 1989 and published by Veterinary Medicine Publishing Co. Inc. in Lenexa, KS 66215. All rights reserved. This article may not be reproduced or paraphrased in whole or in part in any manner without written permission. Limited quotations, if properly referenced, are acceptable.

Correction: **In last month's report on earnings, the chart on page 45 shows the number of active clients per *clinic*, not per practitioner.**

SMALL ANIMAL PRACTITIONERS' FEES

	Northeast	South	Midwest	West
Total average client transaction fee*[1]	$44.30	$40.50	$36.10	$46.80
Office call (includes exam)*	20.30	15.70	14.70	18.80
Lab analysis				
Urinalysis	10.90	10.30	10.60	14.40
Fecal*	7.50	6.70	6.30	9.10
Serum chemistry profile*	25.60	25.60	25.60	35.50
CBC*	15.30	14.40	12.90	15.90
Heartworm test	12.50	9.90	11.50	15.70
Feline leukemia test	20.00	18.40	18.20	18.00
Fee for procaine penicillin G injection (20-lb dog)	7.10	8.20	7.10	10.30
Hospitalization (including daily exam and boarding):				
Under 20 lbs	16.40	11.70	11.20	16.80
20-49 lbs	17.40	13.20	12.40	17.60
50 lbs or more	18.10	15.20	13.90	18.70
Daily boarding, small dog	8.70	6.60	6.50	7.60
Daily boarding, large dog	10.40	8.40	8.40	9.30
Ovariohysterectomy (inc. anesthesia and hosp.)				
Under 20 lbs	70.30	60.60	65.30	60.40
20-49 lbs	78.60	69.10	71.40	68.00
50 lbs or more	89.30	79.70	80.10	79.20
Diagnostic X-ray series (including sedation)				
2 or fewer films	45.80	40.10	38.00	50.10
3-6 films	65.50	61.00	60.00	72.20
More than 6 films	99.30	84.60	80.60	98.90
Procedures/ treatments				
Heartworm treatment	208.00	154.90	156.20	201.90
Dental scaling (dog, no extractions)	50.80	40.40	45.10	51.50
Flea allergy dermatitis therapy	38.00	30.00	31.70	40.30
Deworm 20-lb dog	15.60	10.40	10.70	14.20
Treat cat-bite abscess	61.00	36.87	38.72	73.04
External otitis (dog) therapy	35.30	30.30	30.50	40.80
Suture 2-in. skin laceration	61.00	44.33	47.67	63.63

*Base = All respondents All figures are medians.

[1] Includes clinical procedures, drugs, and merchandised products.

▶

MIXED ANIMAL PRACTITIONERS' FEES

Total average client transaction fee[1]	$35.80
Office call (includes exam)	13.60
Lab analysis:	
Urinalysis	8.90
Fecal	5.80
Serum chemistry profile	22.90
CBC	11.50
Heartworm test	10.20
Feline leukemia test	14.40
Farm call:	
Mileage charge (cents per mile)	.90
Exam charge per animal	10.30
Average total charge per animal	33.30
Average antibiotic injection fee	5.70

Hospitalization (including daily exam and boarding):	
Under 20 lbs	$8.20
20–49 lbs	9.00
50 lbs or more	9.60
Equine	10.70
Daily boarding, small dog	5.50
Daily boarding, large dog	6.70
Ovariohysterectomy (inc. anesthesia and hosp.):	
Under 20 lbs	55.30
20–49 lbs	61.20
50 lbs or more	68.10
Diagnostic X-ray series (including sedation:)	
2 or fewer films	32.70
3–6 films	50.80
More than 6 films	73.70

All figures are medians.

[1] Includes clinical procedures, drugs, and merchandised products.

▶

LARGE ANIMAL PRACTITIONERS' FEES

Total average client transaction fee[1]	$35.70
Office call (includes exam)	10.20
Lab analysis:	
Fecal	5.30
Serum chemistry profile	18.50
CBC	10.50
Farm call:	
Mileage charge (cents per mile)	.90
Exam charge per animal	8.10
Average total charge per animal	25.40
Consultation fee	41.00

Procedures and treatments:	
Footrot treatment	$ 15.10
Mastitis treatment	20.30
Breeding soundness exam	3.50
Remove retained placenta	13.70
Uterine prolapse repair	35.70
Calf scours treatment	10.60
Dehorning	3.20
Deworming (one time) paste	8.10
Deworming (one time) tube	13.00
Laparotomy	74.30
Castration	3.20
Rumenotomy	80.50
C-section	104.80
Dystocia treatment	35.60
Milk fever treatment	20.60
Metritis treatment	12.90
Rectal palpation	2.70

All figures are medians. [1] Includes clinical procedures, drugs, and merchandised products.

▶

Circle No. 130 on Reader Response Card
See brief summary on page 74

EQUINE PRACTITIONERS' FEES

Total average client transaction fee[1]	$53.90
Office call (includes exam)	18.90
Lab analysis:	
Coggins test	15.90
Fecal	6.80
Serum chemistry profile	25.80
CBC	15.50
Ig G transfer	18.20
Farm call:	
Mileage charge (cents per mile)	.90
Exam charge per animal	15.50
Average total charge per animal	46.10
Radiography:	
Two views	30.50
Navicular series	50.20
Carpal series	60.20
Hospitalization (including daily exam and boarding)	16.60
Fertility workup (female)	67.50
Breeding soundness exam (male)	81.90

Diagnostic tests:	
Lameness exam	$25.60
Abdominal tap	25.60
Nerve block	15.80
Stomach tube	15.70
Procedures and treatments:	
Deworming (one time) paste	11.70
Deworming (one time) tube	16.80
Castration	76.00
Cryptorchidectomy	250.50
Float teeth	20.70
Laminitis treatment	74.60
Suture skin laceration	41.00
Intensive neonatal care (one-day)	200.00
Medical treatment for colic	59.10

All figures are medians.

[1] Includes clinical procedures, drugs, and merchandised products.

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Circle No. 129 on Reader Response Card

See brief summary on page 74

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Better [illegible] a balance sheet

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THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

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THE LATEST IN VETERINARY EXPENSES

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DECEMBER 1989

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Will you acquire a new manner of thinking to prepare for the 1990s?

MEMO FROM THE EDITOR

On a joyous note

Last month, I spoke to two classes of journalism students at the University of Kansas. My assignment: To explain, if I could, how I find "joy" working for a veterinary magazine. I had to laugh at the question because it occurred to me that there probably isn't a journalism student in the country who is daydreaming about working for VETERINARY ECONOMICS someday. The first problem is that they've never heard of it, and the second problem is that the magazines they have heard of are likely to sound more glamorous.

But there is joy in working for this magazine, primarily because the readers and the staff are motivat*ing*, motivat*ed*, interesting people. Certainly nothing is ever dull around the office. The deadlines see to that, as do the staff members, whose dedication and sense of humor have gotten us through more than one crisis around here.

You and your colleagues keep us on our toes, too, by sharing the highlights and the lowlights of veterinary practice. When the journalism students asked how I came to know about veterinary practice management, I gave all of the credit to you; it's a rare instance when a practitioner is not willing to share advice, answers, ideas, anecdotes, and solutions with me, with the other editors, or with our writers.

I don't know if I convinced anybody to go to work for a magazine with a nine-syllable title, but I did remind myself of how nice it is to work with and around your profession. I do think the students began to appreciate the notion that a magazine and its staff can be inspired by its readers' desires to build better practices, and therefore better lives.

Best of luck for the new year.

Becky Turner

Rebecca R. Turner

P.S. I'll also find joy this month when my two cats and I marry Brian and his Irish Setter. Willy, Bear, and Cardozo won't be in the ceremony (and boy are my parents happy about *that*), but they will be waiting for us when we get home. Our veterinarians are poised to deal with any crises "the kids" cook up, and associate and assistant editors Kathy and Katie are prepared to guide the magazine through my pre-wedding jitters and post-wedding vacation.

See you in 1990.

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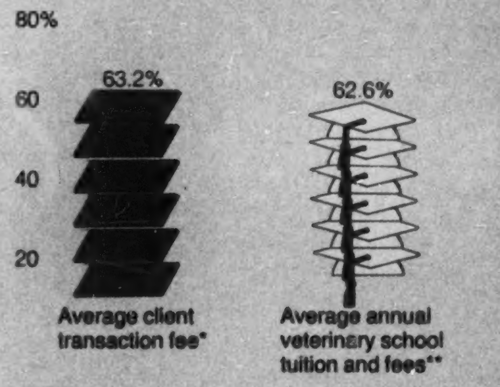


*Source: VETERINARY ECONOMICS 1989 Continuing Survey

**Source: Association of American Veterinary Medical Colleges

STATS ON THE SUCCESS OF SMALL BUSINESS

Good news for small business. A recent survey of 2,994 new businesses indicates that more than 70 percent celebrated their third birthdays. The report paints a brighter picture than earlier studies, which showed that fewer than half of all new businesses survived their perilous first few years.

The study, commissioned by American Express Co., and the National Federation of Independent Business, (NFIB), shows that believing in yourself, making a large initial investment, and providing better service proved significant for a three-year success story. Entrepreneurs who provide better service showed an 82-percent survival rate, while those who rely heavily on price chimed in at only 70 percent.

More traditional variables *didn't* significantly affect survival rates. For example, holding or operating under a franchise name, or having previous managerial experience didn't make a big difference. In fact, during the three-year period, 75 percent of those entrepreneurs with no prior managerial experience survived; 77 percent of those with extensive experience survived.

About 22 percent of the new entrepreneurs were women. They showed a 71-percent three-year survival rate, while the men clocked in ahead with 78 percent.

A final note from NFIB researcher William J. Dennis: "The typical successful entrepreneur spent more time either selling or working directly with customers than on any other aspect of running a new business."

THE SUCCESS FILE

Management ideas that can make a difference

By Bob Levoy

Santa Paws Is Coming To Town

One Saturday this holiday season, Dr. and Mrs. Daniel Ballard, owners of the Tioga Animal Clinic in Pineville, La., will offer all pet owners and children in their community an in-clinic photo session with "Santa Paws."

Santa Paws, a clinic employee dressed like Santa Claus, will donate his time, as will everyone else working at the event. A local photographer will snap the photos for $5 each; proceeds will go to the local humane society, which is known as PAWS (Protective Animal Welfare Society). To publicize the event, PAWS has asked local newspapers, plus radio and TV stations, to run public service announcements. Wide coverage is expected.

Besides raising money for a worthy cause, this event will enable Dr. and Mrs. Ballard and their staff to meet prospective clients and provide some on-the-spot education in a fun, light-hearted setting. They also hope the experience will teach young children that going to the hospital—for a pet or for a person—doesn't have to be a scary experience.

Bob Levoy is a management consultant, author, and popular seminar speaker to the veterinary profession.

EMPLOYEES CAN HELP BATTLE TURNOVER

You want your staff to work as a team, but what happens when turnover gets in the way? Before you conduct yet another employee search, consult with the key players on your team—your other employees.

According to a recent report in INC magazine, a software development firm in Rockville, Md., reduced its turnover rate to a mere 3 percent through an employee referral program. Approximately 60 percent of the company's workers were hired through this system.

To make a referral, an employee fills out a standard form and attaches the applicant's resume. If the applicant is hired and stays on the job at least four months, the referring employee receives a hefty bonus, depending on the level of the position filled.

A personnel specialist says of this hiring tactic: "People recommend people they want to work with, people they trust. Good employees tend to recommend people with similar characteristics."

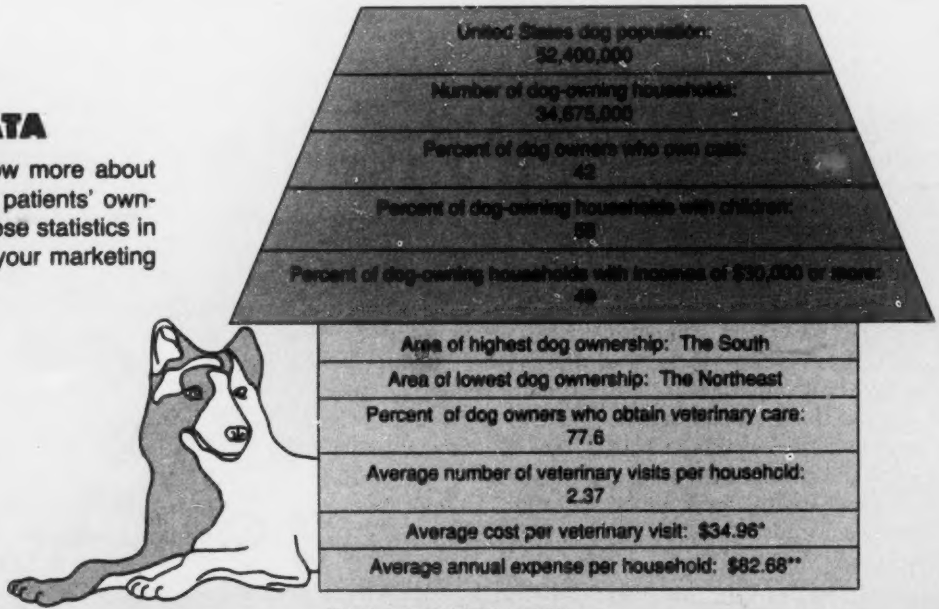
DID YOU KNOW . . .?

- Fifty-two percent of the nation's households own at least one cat or dog—that's more than 108 million animals. The figures, from the Pet Food Institute's annual survey on pet ownership, are up about one-half million from last year.
- A new study by the American Boarding Kennels Association shows that the number-one mistake dog owners make in pet care involves feeding. For cat owners, the most common mistake involves grooming.

  The respondents, 1,200 ABKA boarding-kennel operators, reported that dog owners blunder by feeding inferior-quality food or table scraps to their pets, overfeeding, and changing diets. Cat-care problems stem from a lack of proper grooming and flea control.
- When the editors of *World Book Encyclopedia* surveyed 391 elementary- and secondary-school classes, they found that the most frequently sought-after subject was "dog."

DOG DATA

Want to know more about your canine patients' owners? Use these statistics in formulating your marketing plans:



United States dog population: 52,400,000

Number of dog-owning households: 34,675,000

Percent of dog owners who own cats: 42

Percent of dog-owning households with children: 58

Percent of dog-owning households with incomes of $30,000 or more: 49

Area of highest dog ownership: The South

Area of lowest dog ownership: The Northeast

Percent of dog owners who obtain veterinary care: 77.6

Average number of veterinary visits per household: 2.37

Average cost per veterinary visit: $34.96*

Average annual expense per household: $82.68**

*Based on dog-exclusive households.
**Estimated from dog-exclusive households.

Source: Charles, Charles Research Group, 1988

COVER STORY

1989 CONTINUING SURVEY RESULTS

THE LATEST IN [illegible]

[illegible]

Are your expenses a strain on your eyes—and your practice? Here we present a nationwide look at 1988 veterinary expenses, based on reports from more than 1,000 of your colleagues. You also will find solutions to and commentary upon your most pressing cost-control dilemmas.

COVER STORY

CONTROLLING COSTS IN YOUR PRACTICE

Financial consultants agree that to manage expenses effectively, you must set your sights on an improved bottom line.

By Lynda Harris

"The issue of cost control," says Owen McCafferty, CPA, "is really based on the question, 'Am I running at the most efficient mode for my practice?' You want to control costs only to the extent that they do not impair the generation of income." The biggest mistake practitioners make, McCafferty adds, is thinking that "Cutting costs to the bone is good; spending money is bad."

Instead of trying to cut costs across the board, financial experts recommend that you first evaluate how your costs affect income-generation. Consider, for example, these general rules:

- Only spend money on items that will help you generate more income than you can generate without them.
- Only purchase what makes sense for *your* practice.

For example, before you purchase a piece of equipment, first determine if the equipment will generate enough income to cover its purchase price, the additional insurance you'll need, and the opportunity cost—what you could be making on the money if you invested it or spent it elsewhere. (For an example of how to determine whether you'll make money from an equipment purchase, see the October 1989 issue, page 20.)

Or if you're thinking about adding exam rooms to accommodate more patients, or adding grooming or boarding to your list of services, weigh the increased costs against the potential increase in income *before* you build. If a cost seems too high or unjustified, you have two choices: spend less, or find a way to increase the benefits from the expense.

Justifying costs

"Why spend money for the sake of spending money?" asks Andrew M. Rich, Certified Financial Planner and practice management consultant. Rich says that the objective of a complete cost-control program is to maximize your bottom line. He maintains that cost-control is "just practical" and that controlling your expenditures requires little more than common sense. Consider these tips for efficient management:

▶ **Seek obvious cost-cutters.** Rex Nash, DVM, of Parma, Ohio, says that he uses the common-sense approach to curb costs. He, for example, turns off lights in areas he isn't using; takes advantage of specials and volume discounts on supplies when appropriate; and counts out pills when dispensing them.

▶ **Increase the benefits from an expense.** Dr. Nash invested in a computer, but credits the system for bringing in more income through accurate, consistent billing. He admits that before computerizing, some of the services he performed, such as clipping nails and expressing anal glands, slipped by the invoicing process. Now every service is coded: Dr. Nash simply glances at a list of services and writes down the corresponding numbers. His office staff enters the numbers into the computer, which adds up the charges and prints an itemized receipt. Dr. Nash also generates income with a mail-merge software program that produces mailers for such services as booster shots, heartworm reminders, and so on.

▶ **Plan and organize.** Dr. Ron Isaacson's Madison Heights,

THE AUTHOR is a business and financial writer in Denver, Colo.

Mich., practice is computerized, but he credits two additional factors for his success in controlling costs: a budget, which sets parameters for spending, and an inventory manager. Dr. Isaacson projects practice income for 18 months, then sets his budget, which he reviews quarterly to adjust for misjudged income, or to allow for investment in a new item he may decide to buy.

"Inventory is our second biggest expense," Dr. Isaacson says. "We budget 10 to 11 percent of our total expenditures on drugs, vaccines, and supplies. A real key to controlling these costs is having one person responsible for them." Enter licensed veterinary technician Mary O'Brien, Dr. Isaacson's inventory control manager. She devotes about five hours a week to this task and has full responsibility for ordering, stocking, and tracking inventory--all within Dr. Isaacson's budget. She orders weekly so that inventory will turn over about every two months and all items used will be routinely stocked and available.

O'Brien also has the authority to be flexible: If she can save 10 to 15 percent, she buys enough to turn over in three to four months. If savings are 20 to 33 percent, she's authorized to buy up to six months' worth of supplies. And if she can save more than 33 percent, she can order up to a one-year's supply, when appropriate.

Dr. Isaacson's computer software automatically reduces inventory figures for each item, based on billing entries. When it reaches a programmed "purchase point," the computer alerts O'Brien that it's time to reorder—and specifies a quantity. As a back-up to the computer, the hospital uses a "red tag" system. New inventory is placed behind older stock; a red tag on the last of the old inventory tells O'Brien that it's time to reorder. "It's so simple, but works so well," Dr. Isaacson says.

Juggling types of costs

Inventory is a "variable" cost—it fluctuates based on business volume. "Fixed" costs—steady, periodic costs that must be paid regardless of the volume of business you do—include salaries, advertising, utilities, and so on. Andrew Rich maintains that high fixed costs create pressure and don't allow you the best flexibility to adjust your practice as it changes.

Cynthia Wutchiett, CPA and veterinary management consultant in Columbus, Ohio, agrees. "Fixed costs can frequently make or break a practice," she says. But changing your fixed costs requires careful decision-making, she adds, because you need to look at each item and ask, "What is the policy regarding this item? Does it need to be revised?"

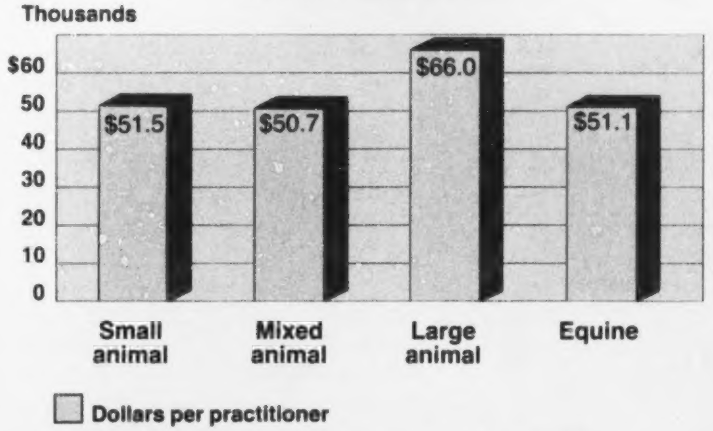
"You can decrease your fixed costs sometimes five, 10, 15 percent overall, and that really can add to your net income," she ex-

1989

CONTINUING SURVEY RESULTS

TOTAL INDIVIDUAL 1988 EXPENSES

BY PRACTICE TYPE



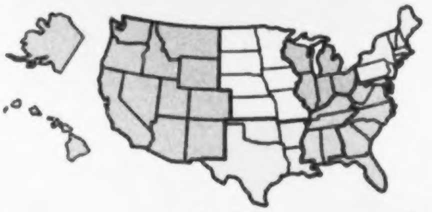
For those in a professional corporation, totals exclude shareholders' salaries and bonuses and retirement-plan contributions credited to shareholders.

All figures are medians.

1989

CONTINUING SURVEY RESULTS

1988 EXPENSES BY REGION



		West	Southwest	Plains	Great Lakes	Mid-South	South-Atlantic	North-East
Salaries, bonuses, retirement for non-DVM assistants	1988	$27,800	$22,900	$18,300	$21,900	$25,600	$29,500	$23,600
	% of gross	16.4	14.4	10.8	13.4	17.5	18.2	14.0
Salaries, bonuses, retirement for employed DVMs[1]	1988	$22,500	$23,300	$22,500	$20,000	$16,200	$17,500	$26,200
	% of gross	11.7	10.8	10.8	14.4	9.0	11.4	14.2
Office or hospital mortgage or rent	1988	$13,200	$11,000	$11,900	$8,000	$14,400	$11,900	$12,500
	% of gross	8.4	7.9	8.3	7.1	10.0	8.0	7.4
Drugs and medical supplies[2]	1988	$30,300	$34,600	$32,500	$31,400	$32,500	$31,700	$31,000
	% of gross	18.5	21.5	21.9	22.1	23.0	19.5	21.7
Travel and continuing education[3]	1988	$1,200	$1,000	$900	$900	$900	$1,000	$1,100
	% of gross	0.9	1.1	0.5	0.8	0.9	1.0	0.9
Medical equipment and repairs	1988	$3,000	$2,500	$2,400	$2,100	$2,100	$3,000	$3,100
	% of gross	1.6	2.2	1.5	1.6	2.1	2.0	2.1
Professional car upkeep and depreciation	1988	$4,100	$3,300	$3,700	$3,500	$2,700	$3,300	$3,300
	% of gross	2.6	1.9	3.0	2.9	1.9	2.2	3.1
Office supplies	1988	$2,400	$1,700	$1,800	$2,000	$1,600	$2,300	$2,400
	% of gross	1.8	1.3	1.4	1.6	1.4	1.7	1.7
Utilities and telephone	1988	$4,400	$4,000	$3,300	$4,000	$4,000	$5,100	$4,400
	% of gross	2.9	2.8	2.5	2.6	3.0	3.4	3.5
Nonmedical consultants	1988	$1,400	$1,300	$1,300	$1,000	$900	$1,800	$1,400
	% of gross	0.9	1.1	0.6	0.8	0.8	0.8	0.9

[1] Percentages of gross in compensation for employed DVMs category are based on each employer DVM's *individual* share of expense.

[2] Figures exclude retail products.

[3] Continuing education costs include registration fees, materials, and lodging.

All figures are medians.

plains. "For instance, if you have 15 categories of fixed costs and you cut back $20 a month in 10 of them, that's $2,400 you'll save either to take home or put back into improving your practice."

Wutchiett says that many of her veterinary clients already carefully monitor their *variable* costs. "With variable costs, you might be able to take off a half-percent or a percent here or there; but I think DVMs have that pretty well wired." She says, however, that some veterinarians are mislead by the term "fixed" because these costs *can* vary somewhat from month to month. They don't change, though, in direct proportion to the number of clients, as variable expenses do.

Fixed costs, she says, tend to plateau, depending on the volume of business you do. "For example, let's say you make the maximum use of your $20,000 annual fixed costs when you see up to 3,000 clients per year. If you want to see just one more patient, you'll have to expand your facility or the payroll, because you just can't handle any more without jumping to the next plateau," she says.

"It's important for you to know where your practice's plateau is," Wutchiett cautions, "because when you have to incur more fixed expenses to see that additional patient, your income is going to drop substantially at first. You need to realize that that's going to happen and decide if the expansion will be worth it." ■

1989
CONTINUING SURVEY RESULTS

INDIVIDUAL DVM EXPENSES

Salaries, bonuses, retirement for all non-DVM assistants

All DVMs	$24,700	15.3%	$22,600	14.8%
Small animal	28,800	16.9	26,900	16.6
Mixed animal	18,100	12.7	14,800	10.8
Large animal	14,200	8.3	11,600	10.0
Equine	15,000	8.4	15,600	10.5

Salaries, bonuses, retirement for employed DVMs

All DVMs	$21,600	12.0%	$23,900	11.9%
Small animal	21,300	12.0	23,700	11.6
Mixed animal	22,500	14.4	25,000	13.3
Large animal	20,400	10.6	26,900	13.9
Equine	31,200	16.3	29,400	13.5

Office or hospital rent or mortage

All DVMs	$11,800	7.9%	$10,600	7.0%
Small animal	13,600	9.0	12,300	7.8
Mixed animal	10,400	6.9	5,400	5.7
Large animal	5,200	3.5	3,600	2.2
Equine	4,700	3.9	5,100	4.7

Drugs and medical supplies[1]

All DVMs	$31,600	20.7%	$32,700	21.9%
Small animal	30,100	18.4	30,200	19.2
Mixed animal	40,400	27.4	39,200	29.8
Large animal	45,000	29.6	52,500	34.4
Equine	25,000	25.0	28,000	23.7

Travel and continuing education[2]

All DVMs	$1,000	0.9%	$ 800	0.8%
Small animal	$1,100	0.9	900	0.7
Mixed animal	900	0.9	600	0.7
Large animal	900	0.6	700	0.7
Equine	1,500	1.4	1,000	0.9

☐ 1988 ▨ 1987 ☐ Percent of gross

[1] 1987 figures include nondepreciable small instruments; 1988 figures exclude retail products.

[2] 1987 figures include *only* continuing education costs of registration fees, materials, travel, and lodging.

All figures are medians.

All figures in these charts are medians. Research by Medical Economics Co. Inc. Research Group for VETERINARY ECONOMICS. This article © 1989 and published by Veterinary Medicine Publishing Co. Inc. at 9073 Lenexa Dr., Lenexa, KS 66215. All rights reserved. These charts may not be reproduced or paraphrased in whole or in part in any manner without written permission. Limited quotations, if properly referenced, are acceptable.

STOP COMPLAINING ABOUT YOUR EXPENSES

The author says that it's time to get out of the way and let your clients pay for your practice expenses.

By Donald R. Dooley

A veterinary client of mine once asked me if I had any suggestions for keeping a dismissed employee from collecting unemployment benefits. He seemed shocked when I answered that I would *never* keep dismissed employees from collecting such benefits. In fact, unless they're going directly to another job, I think it best to remind them to file for unemployment. When I asked the practitioner why he didn't want the employee to collect, he said that when employees do take advantage of this benefit, he then has to pay even more for unemployment insurance.

In another instance, I heard a group of veterinarians discussing how to deal with rising employee health-insurance costs. One of the practitioners suggested making employees pay part of the increase themselves. I had to wonder if these practitioners thought that, by punishing their own employees, they could actually solve the nation's problem of exorbitant health-care costs. These two discussions reminded me, once again, that many veterinarians still don't understand the expenses involved in owning and operating a veterinary practice.

Confusing the issue

Apparently, there still are many practice owners who think that they pay their hospital's expenses out of their own pockets. (And indeed, some may be doing just that.) The majority of veterinarians I encounter treat expenses as if they were some kind of enemy.

Much of this confusion is caused by accountants. When a veterinarian talks to his or her accountant about finances, the accountant is likely to say that the practice's profits are too small. When asked what needs to be done, many accountants will say to cut expenses. Those who see only this alternative seem to be obsessed with one business formula: Income minus expenses equals profit. If your accountant doesn't know anything about *how* you generate your income, he or she may assume that the only way to increase profits is to reduce expenses. I think there's another way.

In about 99 percent of the hundreds of veterinary practices I've worked with, the expenses are

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THE AUTHOR is a veterinary practice management consultant in Los Gatos, Calif.

1989
CONTINUING SURVEY RESULTS
MORE DVM EXPENSES

New medical equipment and repairs

All DVMs	$2,700	1.8%	•	•
Small animal	$2,900	1.9	•	•
Mixed animal	2,100	1.8	•	•
Large animal	1,500	1.0	•	•
Equine	3,500	2.4	•	•

Professional car upkeep and depreciation

All DVMs	$3,500	2.6%	$3,400	2.6%
Small animal	2,900	1.9	2,900	2.0
Mixed animal	4,400	3.6	4,800	3.4
Large animal	6,000	3.9	5,300	4.7
Equine	6,500	5.6	6,200	5.5

Office supplies

All DVMs	$2,100	1.6%	•	•
Small animal	2,200	1.7	•	•
Mixed animal	2,000	1.6	•	•
Large animal	1,600	1.2	•	•
Equine	1,600	1.4	•	•

Utilities and telephone

All DVMs	$4,100	2.9%	•	•
Small animal	4,800	3.3	•	•
Mixed animal	3,500	2.7	•	•
Large animal	2,900	1.9	•	•
Equine	3,000	3.0	•	•

Nonmedical consultants

All DVMs	$1,300	0.9%	•	•
Small animal	$1,400	0.9	•	•
Mixed animal	1,000	0.8	•	•
Large animal	1,000	0.6	•	•
Equine	1,200	0.9	•	•

☐ 1988 ▨ 1987 ▢ Percent of gross

*Figures not available.

[1] 1987 figures include nondepreciable small instruments; 1988 figures exclude retail products.

[2] 1987 figures include *only* continuing education costs of registration fees, materials, travel, and lodging.

All figures are medians.

about right, or they are *too low*. Trying to lower them even more is a time- and money-wasting exercise in frustration. In the few cases where a practitioner lowered an expense, either the amount was so small it didn't matter, or it adversely affected the practice.

When veterinarians truly understand the role of expenses in the sphere of profits, their practices prosper and life becomes much more enjoyable. Sound intriguing? Then let's take a look at the importance of expenses to a practice. The first step is to proceed with an open mind. What I'm about to say will be a completely new concept for many of you, so you must set aside your prejudice against expenses. You'll have to concentrate, too, because the concept is so simple it's easy to miss.

Breaking the barrier

There is only *one* reason that veterinary practices have expenses: *They incur costs in the process of providing veterinary medicine to animal owners. Therefore, the expenses should be paid by those who use these services: Namely, your clients.* See, I told you it was simple. Perhaps it's this simplicity that causes such confusion.

Let's apply this idea to the problems presented at the beginning of this article. Why are unemployment benefits provided for the unemployed? Because the United States is a democracy, and a majority of the voting public wants unemployed people to be cared for until they find employment. Even if you don't favor this concept, a majority, which includes your clients, do—and in this country, the majority rules. Remember too, that whatever the majority wants, everyone pays for.

If your clients want unemployment benefits provided, it follows that they're also willing to pay for them. If it costs your practice an additional $300 per year, and you see 3,000 clients, each client's share is just 10 cents. If each client is allowed to pay an additional 10 cents per visit, the cost to your practice is zero. But if you refuse to allow your clients to pay their share, the additional cost must come out of your practice's profits.

What about those increasing insurance costs? First, consider why health insurance—or any fringe benefit—is provided for employees. Benefits are designed to attract and keep the best possible people. The reason to attract these employees is to offer animal owners the best possible service.

Next, let's consider why health-insurance costs are rising. Contrary to what you might think, the few employees who work in your practice aren't the sole cause of the increase. The problem stems from the country's delivery and use of health-care services. Since a typical practice has about 750 clients for each employee, isn't it reasonable to assume that *clients* are more to blame for the increase than your employees? Then they should pay for it.

If you still think employees should pay, consider the adverse effects: The best employees would leave for better jobs, and the practice would retain those employees who couldn't find jobs—and who would worry and be unhappy. I doubt that any client would choose to be served by a less competent, worried, and unhappy employee, just to save 45 cents.

> Clients want you to have liability insurance, because they want to be able to sue you.
> Let them pay for it.

Letting them pay

What about your other expenses? Clients, for example, must be allowed to pay for liability insurance. Why? Because they want you to have it. They've asked their state and national representatives to make sure that they can sue you, so obviously they want you to be insured. Let them pay for it. As long as they control themselves and refrain from numerous and frivolous suits, it will cost them less. If they lose their restraint, it will cost them more.

As for equipment and maintenance, clients want a veterinary practice to have properly serviced X-ray processors to ensure that their animals get the best diagnostic work-ups. They are, of course, more than willing to pay any extra cost incurred. The same holds true for other pieces of equipment and for your drugs and supplies. Clients are not just concerned about price.

It's hard to pin down a single expense incurred by a veterinary practice that isn't for the clients' benefit. Clients *choose* the practices they patronize, so we can assume they like what's being done for their animals. We also can assume that if they like the service, they're willing to pay for it. ▶

1989

CONTINUING SURVEY RESULTS

MEASURING INCOME vs. EXPENSES

High earners spend more to make more.

1988 gross income	Median expenses	Percent of gross
$ 50,000—$ 99,000	$ 33,500	46.8%
100,000— 149,000	73,700	60.0
150,000— 199,000	99,000	59.8
200,000 or more	178,700	58.3

All figures are medians.

Setting the charge

The real function of expenses is to establish what *must be* charged for each service. Many articles address how to set and maintain a fee schedule, but the process need not be complicated. Simply add up your practice expenses and add them to whatever percentage of profit you desire. It's simple.

The mathematics are easy, too. If you want a profit (that is, everything that the owner and the employed veterinarians take out of the practice) of 40 percent, the expenses must equal 60 percent. Total your expenses for the previous 12 months and divide that amount by 0.60. This figure indicates what your gross income *should have been*. Let's say, for example, that your expenses add up to $120,000. This figure, divided by 0.60, equals $200,000. A gross income of $200,000 and expenses of 60 percent would have left $80,000 for you and the other veterinarians.

To find out what each client's contribution should have been, divide the gross income by the number of clients or transactions. In this case, $200,000 divided by, let's say, 3,000 clients equals $66.67 per client. If you counted 4,000 client transactions this year, the total comes to only $50 per transaction.

Now you know what you should have charged. To determine what your average charge per client or transaction needs to be in the future, you must predict what is in store for your practice. To the previous 12 months' expenses, add what you expect the inflation rate to be, plus any additional expenses you are contemplating, such as new employees, equipment, or remodeling. Then, based on past experience, estimate the number of clients or transactions you'll see next year and divide that number *into* your projected gross income (which is tabulated by adding the desired profit to your projected expenses).

Getting out of the way

After determining what the average client contribution per visit or transaction needs to be, all you have to do is get out of the way and let clients make it. Clients are making such necessary contributions in practices nationwide. Of course, it's not happening in as many practices as it could; there still are too many of you who won't get out of the way.

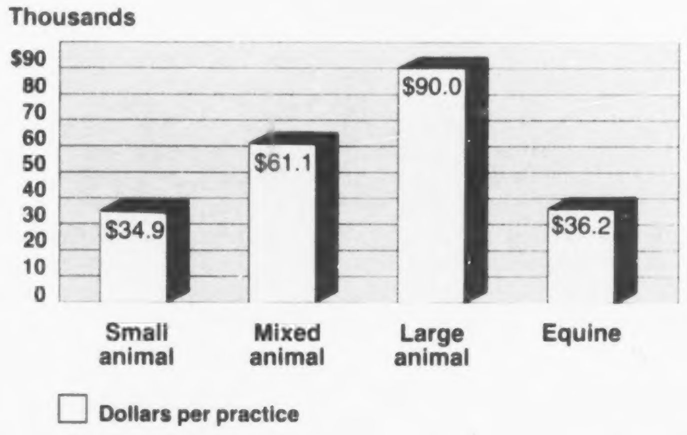
I've found that many practice owners still insist on paying a sizable amount of the practice's expenses out of their own pockets. They find various excuses for refusing to let clients pay for the services they want. I won't give them here, but for a list of tried-and-true excuses that practitioners use to prevent clients from making reasonable and accept-

1989

CONTINUING SURVEY RESULTS

TOTAL PRACTICE EXPENDITURES: DRUGS/MEDICAL SUPPLIES

BY PRACTICE SPECIALTY



All figures are medians.

able contributions to their practices, see VETERINARY ECONOMICS, November 1988, page 58.

While some practitioners are busy making excuses, others (although not as many as there should be) are busy being successful. They can't tell you what they pay for insurance, how much their drug and supply items cost, or what they pay their employees. In fact, one such veterinarian, when asked what he pays his technicians, said, "Whatever makes them happy, because my clients want them to be happy." While these practitioners may not know their individual expenses, they do know the total cost of operating their practices, and they use that total to project and achieve the profits they desire.

Changing your attitude

When you understand the role expenses play in practice management, cost increases—whether large or unexpected—won't be such a big deal. Expenses require only a minor adjustment in the projected average charge per client or transaction. Besides covering additional expenses, your practice will experience a slight increase in profits.

This concept, while quite simple, requires some philosophical and attitudinal changes to make it work. First, you must be willing to give up the time-consuming task of "saving a few dollars" by shopping for cheaper prices. Then, with the time you'll gain, you can concentrate on finding ways to serve your clients even better. By focusing on that goal, you eventually will get the same adrenaline rush from providing your clients with better service that you now get from saving one-fourth of a cent on a syringe.

You can't go two directions at once, and the human mind can't often handle two philosophies at the same time. For example, if you spend time shopping for something to save a few dollars, it's difficult to turn around and tell clients what's best for their animals without trying to save them some money. If you're overly cost-conscious and you see expenses as the enemy, you will interfere with your ability to produce income.

One of the sad things about overly cost-conscious practitioners is that they often talk about saving a few or even a hundred dollars. Those of their colleagues who are concerned about giving clients what they want and charging whatever is necessary talk about income increases in the thousands.

Reaping the rewards

I believe that clients want one more thing. They want to be proud of you. When they are with friends and see you in the community, they want to point you out as their veterinarian. Nobody wants to do business with doctors who look like they are about to go broke or are not doing well financially. One can't help but wonder what's wrong with the people who aren't doing well. Will they still be in business the next time they're needed? Even if you aren't interested in the money for yourself, at least try to make a good profit and appear prosperous for your clients' sake.

It's time to stop worrying about your expenses and concentrate on giving your clients whatever makes them happy. You need to get out of the way and let clients pay both your practice expenses *and* whatever it takes for you to live in a manner that makes your clientele proud.

This concept probably is contrary to everything you've been taught, and sounds like an oversimplification of a complex problem. And yet, the basic facts remain: If you get out of the way and let your clients take care of your expenses, your life will become vastly improved. ■

> **Concentrate on clients rather than expenses; you'll get the same adrenaline rush that you get from saving one-fourth of a cent on a syringe.**

C9480-1

Who owns a computer?
Who *will* own a computer?

A winning addition
to a growing hospital

How many practices
fit under one roof?

JANUARY 1990

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

ARE YOU READY FOR THE 1990s?

PRACTICE MANAGEMENT IN A NEW DECADE

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How many practices fit under one roof?

When partnership squabbles chipped away at the Logan County Animal Clinic, these practitioners decided to go it alone—in the same facility.

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A winning addition to a growing clinic

Dr. W.T. Sodowsky expanded his Golden, Colo., clinic into an award-winning facility.

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10 Noteworthy
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84 Bull's Eye
This practitioner is bullish on veterinary medicine and enthusiastic about the future.

MEMO FROM THE EDITOR

Resolutions for a new decade

Besides the confetti on your floor, will a new decade make a difference in your practice? According to the authors we contacted for this issue, it should. Although one day is likely to look much like the next, and not too terribly different from the day before, changes are afoot—changes that could make a substantial difference in the way you practice.

We've profiled some of these changes and challenges here, and raised the flag for recognizing and meeting your clients' changing needs. We've also peered into what may be the future of veterinary arrangements—running several practices under one roof, finding feasible finances to expand an existing facility, eliminating management duties altogether. But on page 48, sandwiched between information designed to prepare you for this decade, is an eloquent caution.

Don Dooley's article on not believing everything you read might also be construed as an attempt to put this magazine out of business; but I think his true intention is to keep you *in* business. He wants you to be inspired by what your colleagues write and report, and to see in their management predictions and solutions the potential for your own practice. But he doesn't want you to go out and do what they say—unless you fully understand the endeavor and are committed to it and to the results it may bring.

Ignoring the changes that face your profession in the coming decade won't make them go away, but jumping on every bandwagon that passes by will only leave you frustrated and confused. A new decade is a great time for resolutions, but it may be a more important time for thought. As you read this issue and those that will follow, keep in mind Dooley's suggestion: "The important thing is *how* you read the articles. Read positively, but above all else, read realistically."

Becky Turner

Rebecca R. Turner

veterinary economics

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A Medical Economics Publication

NOTEWORTHY

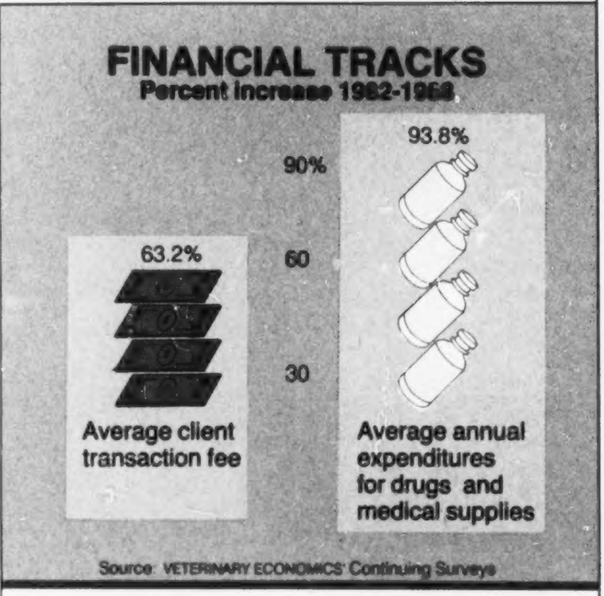
THE 1990s: PET APPEAL

As we move into the 1990s, pet ownership is at an all-time high, and the bond between man and beast grows stronger every day. If you doubt the appeal pets hold, check the TV: A recent study found that of the top 10 television commercials in 1988, four featured dogs—and only one of the ads was for dog food.

According to an article by William Ecenbarger in a recent edition of THE PHILADELPHIA INQUIRER, "Americans are including their pets' names on their Christmas cards, taking them on vacation. . .giving them allowances. . .and claiming them (so far unsuccessfully) as income-tax deductions."

Pets are making medical news by helping to lower blood pressure, reduce stress, and decrease the risk of heart attack. Even the courts are recognizing the emotional value of animals. Until recently, pets were considered property, and any compensation for an owner's loss was limited to the market value of the animal; some verdicts now take into account the emotional damage a person suffers when he or she loses a pet.

A pet-crazy society places veterinarians under greater scrutiny but offers vast opportunity. The profession is in a prime position to provide medical care to the increasingly important and valued companion animal.



FINANCIAL TRACKS

Percent increase 1982-1988

Source: VETERINARY ECONOMICS' Continuing Surveys

COMPUTER ADVICE FROM THOSE WHO SHOULD KNOW

As preliminary preparation for the computer report in this issue, we conducted a random mini-survey that was answered by 35 computer-owning practitioners. In it, we asked, "What advice would you offer your colleagues on computerizing a practice?" Here are just a few of the responses we received:

- "Do not think a computer will save you time. It takes time to input and keep all of the information on the computer. But the benefits outweigh this problem. Access to data is faster and easier." ▶

THE SUCCESS FILE

Management ideas that can make a difference

By Bob Levoy

How can I get 100 percent from my employees?

The first step is to recognize that there are three basic types of employees: *Compliant employees* do only what they *must* do to get by, to avoid criticism, and to keep their jobs; they will begrudgingly do what you ask. *Cooperative employees* are more agreeable about doing what you want.

Committed, loyal employees have an intense, inner desire to do the best job possible. They are more resourceful, creative, and goal-oriented. They're not limited by a job description and often do more than is expected of them—more than they're paid to do.

What accounts for employee commitment? Some of it is innate—if you spot it in a job candidate, hire the person. But keep in mind, too, that you can *nurture* loyalty through a management style that is responsive to an employee's job-related needs. You can, for example, provide recognition, appreciation, interesting and challenging work, and opportunities for growth.

Bob Levoy is a management consultant, author, and popular speaker to the veterinary profession.

ARE YOU
READY
FOR THE
1990s?

WHO OWNS A COMPUTER? WHO *WILL* OWN A COMPUTER?

A STATISTICAL PROFILE OF THE VETERINARY PROFESSION

Computers are everywhere, in practices from the tip of Maine to the MexiCali border. Here's a statistical look at computerized practices, plus a plea to computer-literate practitioners to share how pleased—or disappointed—they are with the technology.

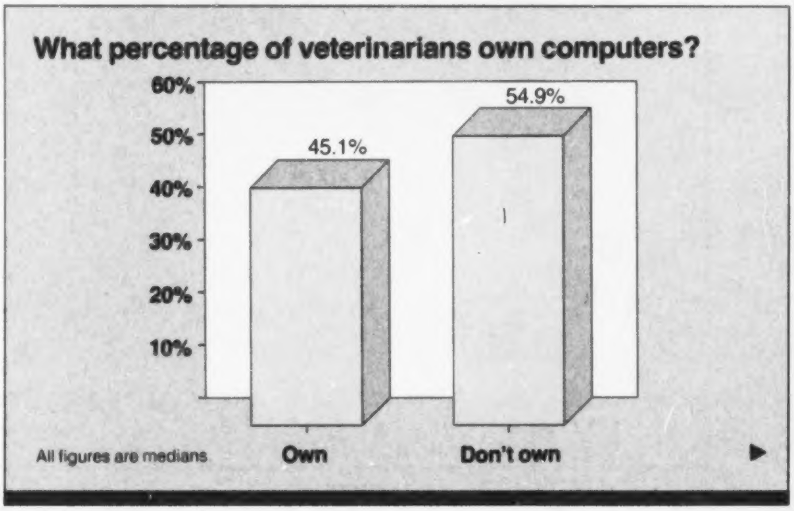
Author Robertson Davies describes himself as a "techno-moron." Word processing, he says, marks nothing short of the demise of literature as we know it. More than a few veterinarians have grumbled the same sentiment about computers in practice. Yet the computer revolution moves on, in every practice type and in every area of the country.

The VETERINARY ECONOMICS 1989 Continuing Survey shows computer-using practitioners gaining on those who've resisted, as you will see in the charts that follow. The information is based on the responses of more than 1,100 veterinarians nationwide. If the doctors who say that they are planning to purchase a computer in the next two years do so, more than 65 percent of all practitioners will own computers by 1991.

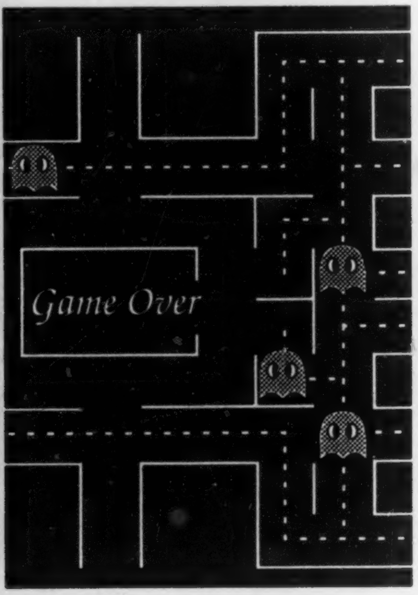
The statistical study we've compiled also shows how veterinarians use their computers. Reminders take the top slot, with word processing following closely behind. What the numbers don't show is how pleased—or disappointed—the practitioners are with these functions. To answer this question, we've provided a survey on page 57 for all of you who have taken the computer plunge. Does owning a computer mean you're happy with it?

When a computer system arrives in your practice, it's your baby and probably brings with it all of the attendant joys, adjustments, and headaches. By sharing your experiences, both good and bad, you will give yourself and your colleagues a nationwide forum for comparing notes and avoiding obstacles. We'll report on your responses this spring.

All figures in this article are medians. Research by Medical Economics Co. Inc. Research Group for VETERINARY ECONOMICS. This article is © 1990 and published by Veterinary Medicine Publishing Co. Inc. in Lenexa, KS 66215. All rights reserved. This article may not be reproduced or paraphrased in whole or in part in any manner without written permission. Limited quotations, if properly referenced, are acceptable.


What percentage of veterinarians own computers?

Don't Get Lost in a Computer Maze!



Buying a computer management system can be like wandering through a maze. Making the right choice can affect the profitability and efficiency of your practice.

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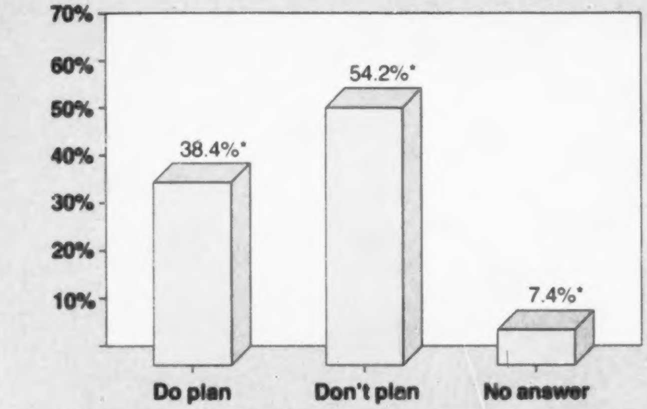
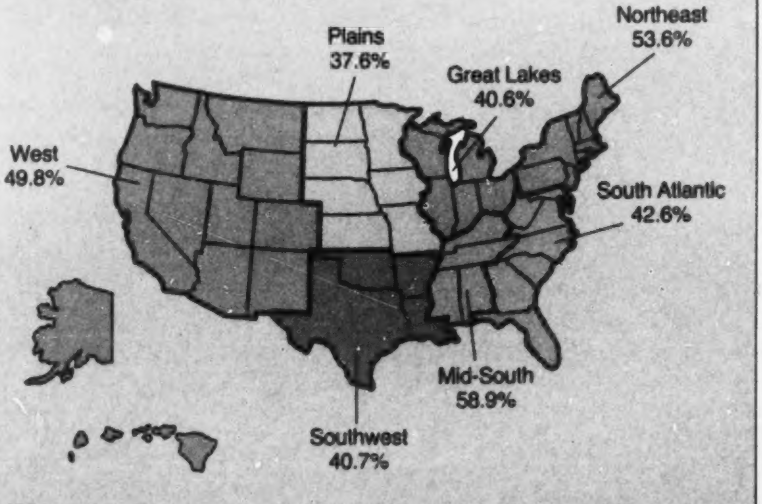
Circle No. 106 on Response Card

Of those DVMs who don't own a computer, what percentage plan to buy one in the next two years?



*Percent of those respondents who do not currently own a computer.

What percentage of the practitioners in each region own computers?



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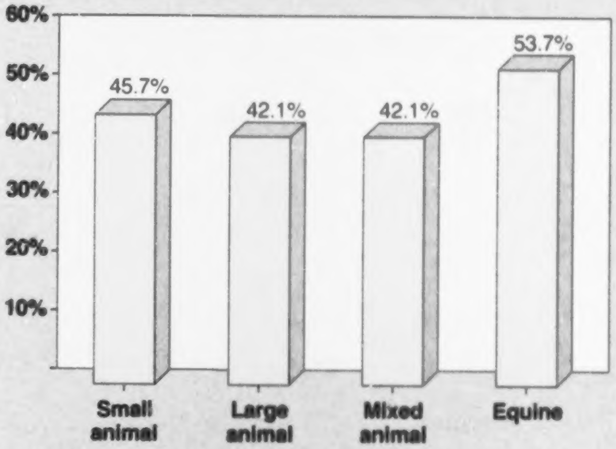
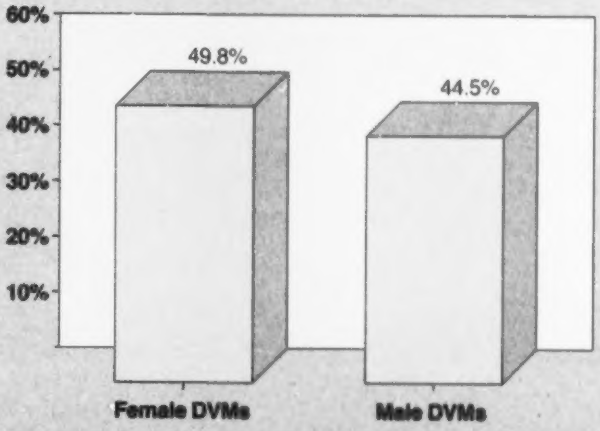
What percentage of small animal veterinarians own computers? What about large animal, mixed animal, and equine practitioners?



What percentage of female veterinarians own computers? What about male DVMs?



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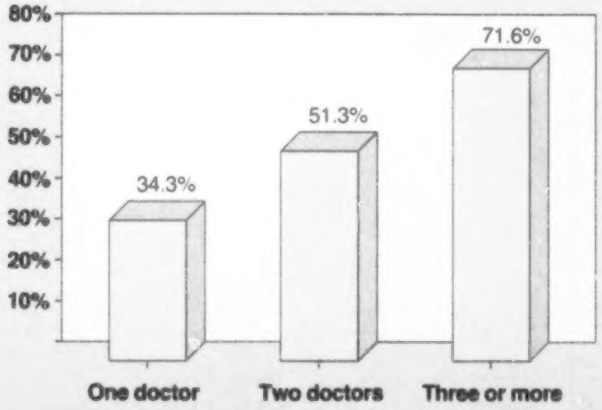
**What percentage of solo practitioners own computers?
What about those in group practice?**



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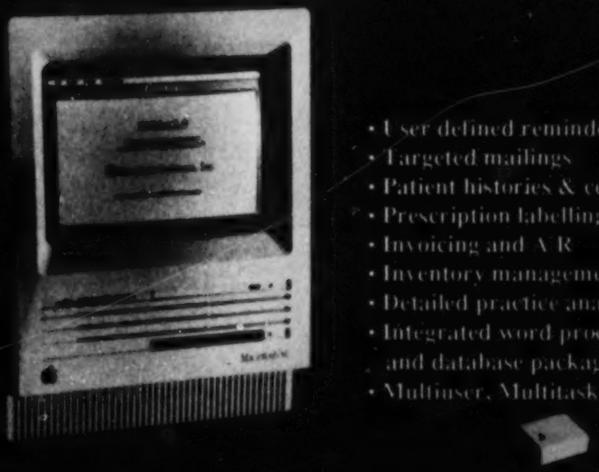
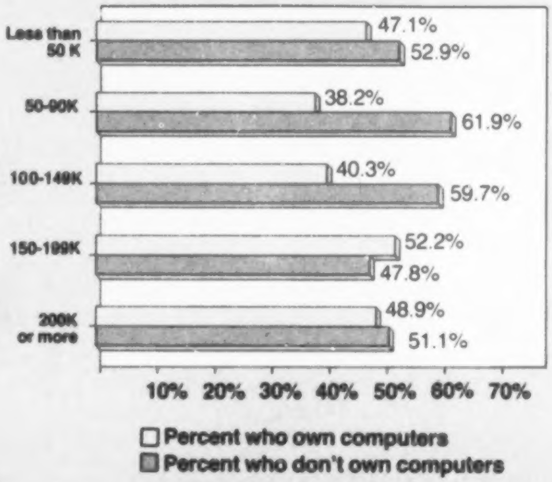
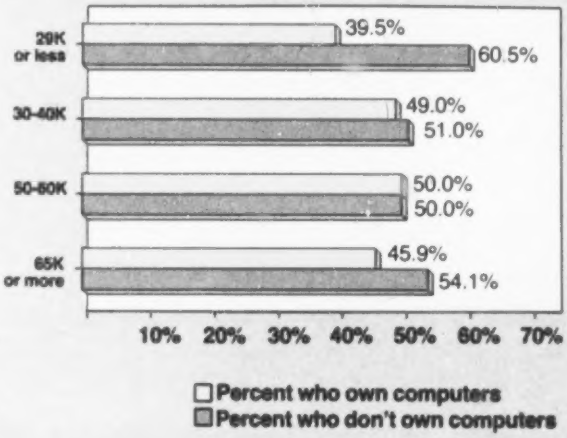


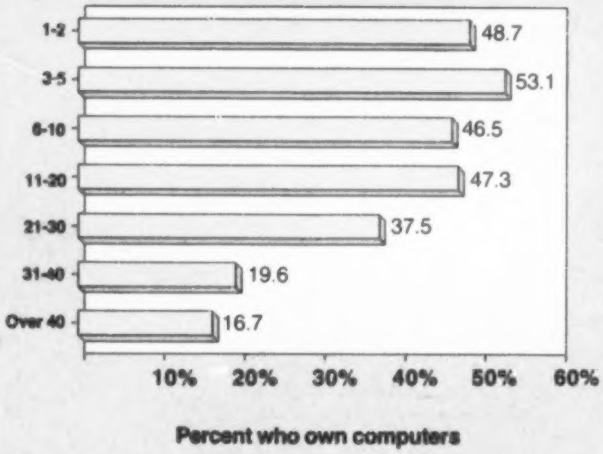
How many practitioners in each gross income category own a computer?



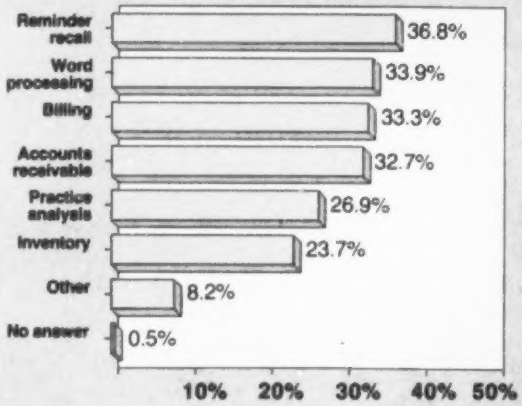
How many practitioners in each net income category own a computer?



How do computer ownership and number of years in practice compare?



What percentage of computerized practices use the following functions?



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HOW MUCH DO YOU PAY?
Introducing our
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Rolling out the red carpet for your clients

Answers to your tax questions

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND

PARTING WITH THE PAYCHECKS

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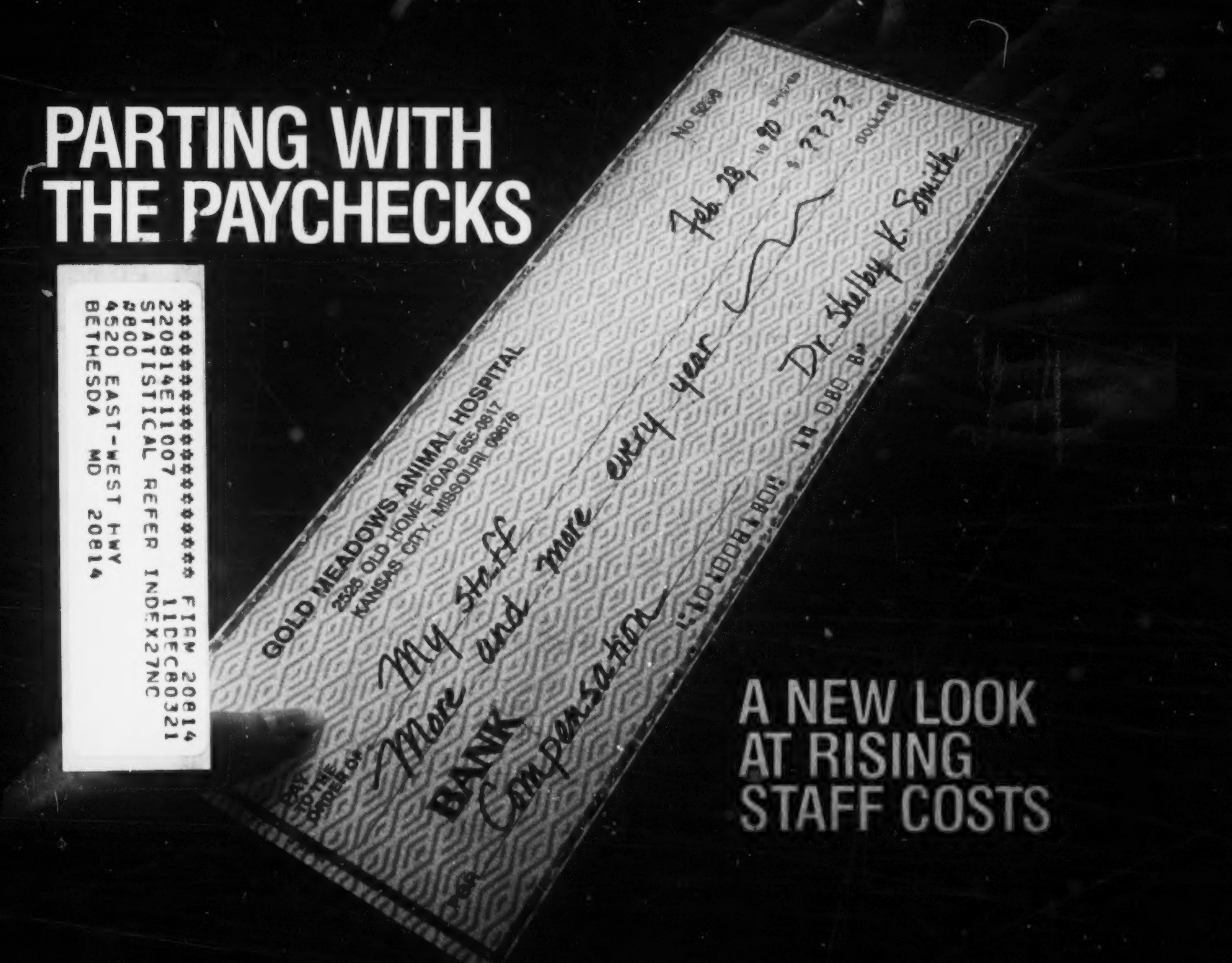
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My staff
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Dr. Shelby K. Smith

A NEW LOOK AT RISING STAFF COSTS

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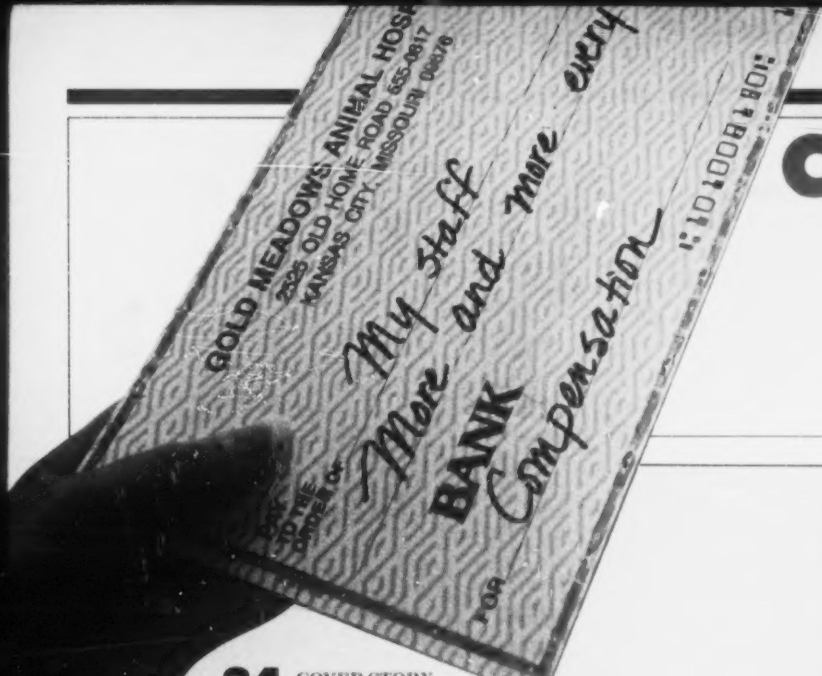

34 COVER STORY

Parting with the paychecks: A new look at rising staff costs

Maybe the money you spend on your staff isn't a bad deal after all. Here's how to increase your profits *without* docking pay or eliminating jobs.

38 STAFF SURVEY

How much do you pay? Introducing our staff compensation survey

With the information we gather from you, we will build an ongoing data base for your comparison, reference, and reassurance.

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10 steps to your dream team

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50 HOSPITAL DESIGN

Construction savvy helps DVM build dream hospital

When Dr. Kenneth Olivier set out to build his own hospital, he hired a contractor he knew and trusted: himself. Here's how he built his award-winning facility.

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Is it time to close your satellites?

Owning multiple facilities may not be all that you had hoped for. Do you know when it's time to consolidate?

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Major corporations now recognize the value of superior service. Do you?

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Goaltending: A plan to realize your practice dreams

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76 DAIRY PRACTICE

Award-winning DVM changes the face of dairy practice

Dr. Andrew P. Johnson, a 1989-90 AABP award winner, says that his goal is to guard each herd's health and to fatten his clients' wallets.

84 EQUIPMENT

Don't let the phone put your practice on hold

An inadequate telephone system can jeopardize the way you run your business. Here's how to strengthen the nerve center of your practice.

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A careful estimate and some prudent planning can help ease your quarterly tax burden.

26 Tax Q&A
In the answers to these tax questions, you may find a nugget of information for yourself.

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Consider the advantages of making IRA payments much earlier for next year.

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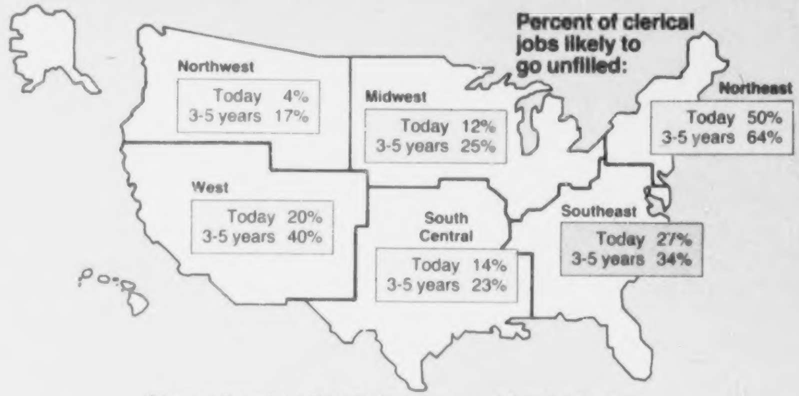
The right accountant can help you avoid financial headaches. Here's how to size up a prospect.

NOTEWORTHY

WARNING: STAFF SHORTAGE AHEAD

Finding a new receptionist won't get any easier in the next few years. A recent survey shows that half of the employers polled have trouble finding qualified office workers.



Source: American Society for Personnel Administration

RECEPTIONIST TRAINING: HOW DO YOU RATE?

According to one practitioner who responded to a recent VETERINARY ECONOMICS survey, "receptionists are a vital part of your practice. They can make an average veterinarian look good or make an excellent veterinarian appear in a bad light."

So how much time do you and your colleagues spend training these key players? Some 47 percent spend five or fewer days; 31 percent spend up to 10 days. The other 22 percent provided a variety of responses, ranging from "no time at all," to "three to six months." One respondent spends "several weeks with constant updating and mistake tracking."

According to the survey, 32 percent provide their receptionists with a training manual. The majority of the respondents have employed three or fewer receptionists in the last two years, although one DVM said he's hired—and presumably lost—10 since 1987.

What role does money play in attracting and keeping good staff members? To help us answer that question, see page 38.

THE SUCCESS FILE

Management ideas that can make a difference

By Bob Levoy

Do Your Clients Appreciate Your Investment?

Are your clients aware of the tremendous investment you've made in your practice facility—the equipment, the building, the land? Our research indicates that most clients give the matter little thought, yet they are surprised and impressed when made aware of your investment. How can you open their eyes?

- Offer new clients a brief tour of your facility.
- Place in your reception area framed photographs—or a photo album—showing such work areas as the operating room, intensive care, and laboratory.
- Include such photographs in a practice brochure.
- Include in your brochure or on a bulletin board a notice to this effect: "Unlike the human hospital, these facilities are due entirely to private enterprise. Private funds are responsible for the construction and operation of this hospital. These funds represent a substantial investment in the community and in the protection of the community's public health and welfare."

Clients who know of the investment required to own and operate your facility will appreciate your service and commitment—and better understand your fees.

Bob Levoy is a management consultant, author, and popular speaker to the veterinary profession.

1990 MARKS NEW CHANGES IN SOCIAL SECURITY

Tax expert Julian Block notes that whether you are mapping out a 1990 budget for your family or for your practice, you'll have to reckon with yet another increase in Social Security taxes.

For 1990, the Social Security tax rate rises to 7.65 percent for both employers and employees, up from 7.51 percent for 1989. The maximum-wage base increases from $48,000 to $51,300. If your earnings during 1990 exceed

Your 1990 guide to flea and tick products

Finding an associate in Northern Michigan

How well do you manage your time?

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

A SHINING STAR OF HOSPITAL DESIGN:
9'S HOSPITAL OF THE YEAR

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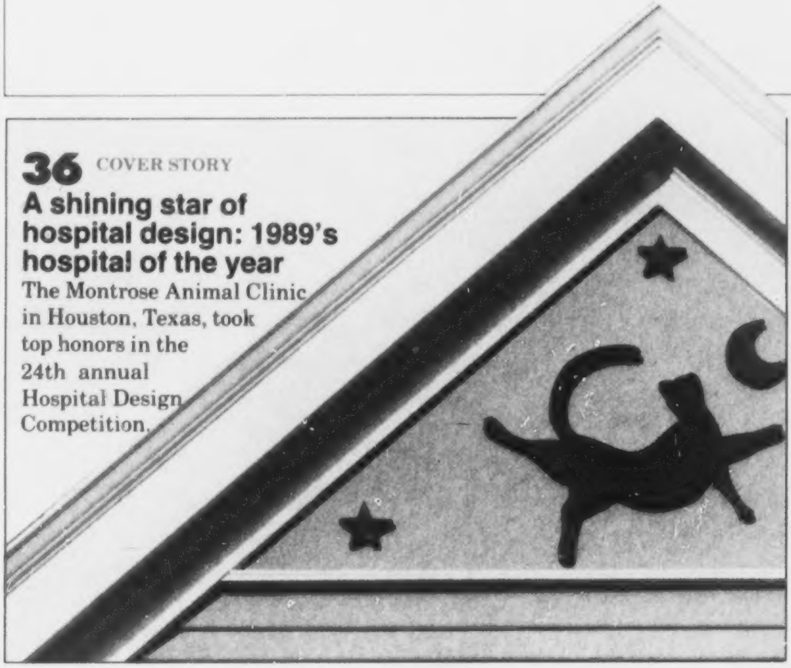

36 COVER STORY

A shining star of hospital design: 1989's hospital of the year

The Montrose Animal Clinic in Houston, Texas, took top honors in the 24th annual Hospital Design Competition.

48 PERSONNEL

Finding an associate in northern Michigan

Who will enter mixed animal practice if students won't? Dr. Peter Kieren says that specialization and urbanization pose a serious threat to his and other general practices.

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How to get your name in the paper

Don't underestimate the value of name recognition and positive publicity. Here's how to get both.

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Write for your audience and your media

To maximize the effectiveness of your press release, consider your audience carefully.

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How well do you manage your time?

Take this quick test to determine and improve your time management quotient.

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Are you ready for the flea and tick season?

These practitioners share successful strategies for educating clients, protecting pets, and increasing revenues. You'll also find a guide to this year's flea and tick products.

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Commitment to education produces superior results

Dr. G. Kee Jim's preventive medicine pays off for his clients, their feedlot crews—and for him.

90 FEES

How much do you think you're worth?

The author says it's not only a question of money, it's a question of self-esteem.

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Keeping your business healthy if you become disabled

Don't let your practice suffer if you can't work. A business overhead expense policy covers your expenses while you recover.

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20 Tax Strategies
No tax return is completely safe from IRS scrutiny. Here's how to reduce the chances of an audit.

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32 Marketing
When price shoppers call, don't respond with a fee quote. Get them in the door with *value*.

112 Bull's Eye
Social Security adds a nice cushion to this DVM's income. But will it be around for you?

veterinary economics

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A Medical Economics Publication

MEMO FROM THE EDITOR

A glass slipper for practice management

Before there is a hospital in which to practice veterinary medicine, there must be a commitment to build the hospital, to staff it, and to attract clients to it. That commitment, which grows from a proven dedication to the health and welfare of animals, sounds noble and lofty and good—until it is labeled for what it really is: *management.* Suddenly the confusion of construction and employees and clients is a barrier —not a conduit—between the medicine you've been trained to offer and the animals that need your help.

Last month, management got a reprieve. Always the ugly stepsister to medicine's Cinderella, practice management rose in favor with the introduction of the Hill's National Center for Veterinary Practice Management. In a largely unprecedented move to recognize management as an *academic* prerequisite to complete animal health care, Hill's Pet Products and Kansas State University announced their intention to create the nation's first facility for teaching business and management skills to veterinary students.

According to Dr. Michael Lorenz, dean of Kansas State's College of Veterinary Medicine, the students will concentrate on something near and dear to those currently in practice: Finding solutions to real-life practice management problems. I think you'll agree that plenty of case studies are available, especially in the areas of personnel, profit and loss, client communications, legal tenets, and ethical concerns. Is there anybody out there who *doesn't* have a story to tell?

A practice management curriculum is not likely to replace the lessons that are taught and learned in hospitals every day. But I think the profession has only to gain as word spreads that you can't practice much of anything without management. And with active, effective management in place, you're freer to practice the medicine that lead you to this profession in the first place. How's that for teamwork?

Becky Turner

Rebecca R. Turner

A SHINING STAR OF HOSPITAL DESIGN

THE 1989 HOSPITAL OF THE YEAR

The Montrose Veterinary Clinic in Houston, Texas, took top honors in the 24th annual Hospital Design Competition. Here's how Dr. Patrick Ross Davidson made his mark on veterinary architecture.

By David G. Manley

Dr. Patrick Ross Davidson's formula for creating a dynamic facility for his successful practice involved teamwork squared, location to the third power (location, location, location), and quality factored to the nth degree. The result? Montrose Veterinary Clinic—named 1989 Hospital of the Year in VETERINARY ECONOMICS' 24th annual Hospital Design Competition.

Teamwork, Dr. Davidson says, is the most important factor, and in his case, it's all in the family. Project architect, Leslie Barry Davidson, is the owner of L. Barry Davidson Architects AIA Inc. —and Dr. Davidson's wife of 18 years. "There's no doubt I chose the best architect around," he says. "Last year she was named Houston's Young Architect of the Year by the Houston chapter of the American Institute of Architects." And, he adds with a smile, "she gave me a very reasonable fee."

Leslie Davidson specializes in residential structures, one of the reasons Dr. Davidson chose a 1920s-style bungalow motif for the clinic. "The neighborhood is made up of these bungalow-style houses," he says. "It was very important to me for the clinic to fit in and to earn the neighborhood's approval." Zoning, the doctor adds, wasn't a factor in either design or location, as "Houston really doesn't have any zoning."

Of his site and style selection, Dr. Davidson says, "Strip developments, if you'll pardon the term, are bad enough, but I think it rude that people put up new structures that don't fit in with the buildings around them."

Blending his practice with area architecture proved successful for Dr. Davidson, who graduated from the University of Illinois School of Veterinary Medicine in 1975, and came to Texas with his wife the same year. "Our clients say they like being in my building because it's like being in a house," he says. "I've had people stop in just because of the building. The neighborhood really likes it."

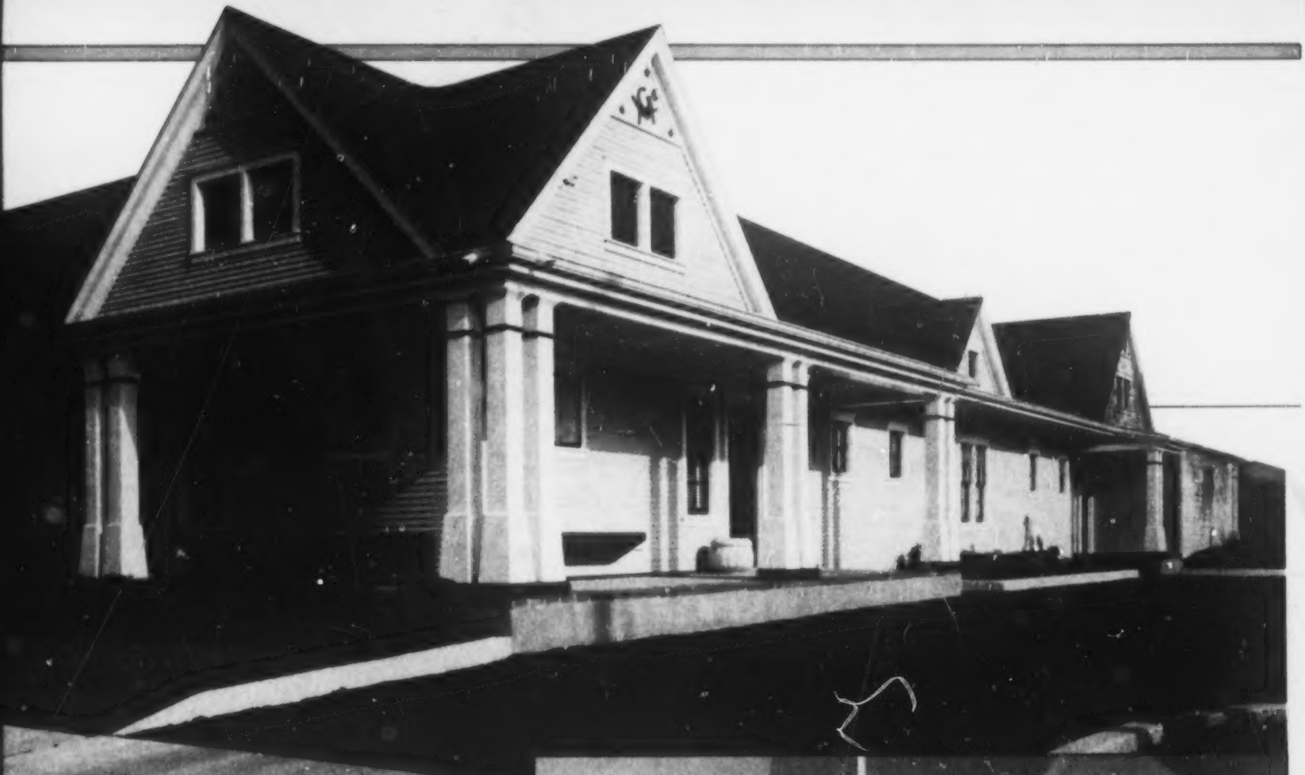
Quality pays for itself

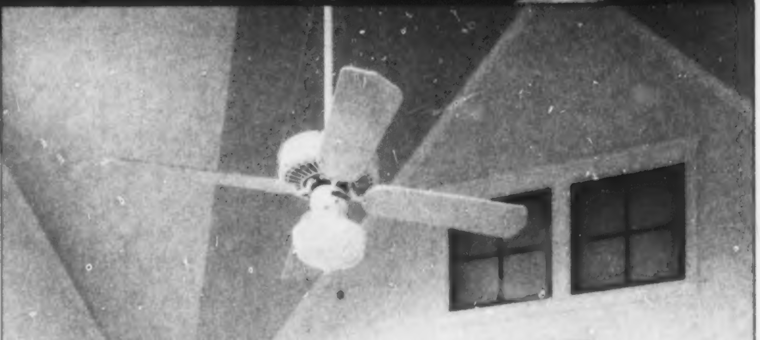
Dr. Davidson says that his facility is expensive compared to the other structures in the area. "I have an expensive building for a number of reasons," he explains. "We have shifting soil here, a tremendous subsidence problem. This makes for an expensive foundation system. It's a floating pier and beam foundation.

"But I'm a strong believer in quality. It's better to build the structure as a quality structure from foundation to top, and all between. I know that quality pays in this world. I also know that if you don't pay for quality up front, you'll pay much more later on. Believe me, this was very efficient."

Located at the intersection of a residential street and a busy boulevard, the clinic is accessible from both streets and offers "off-street" parking on the boulevard

THE AUTHOR is a freelance journalist based in the Kansas City area





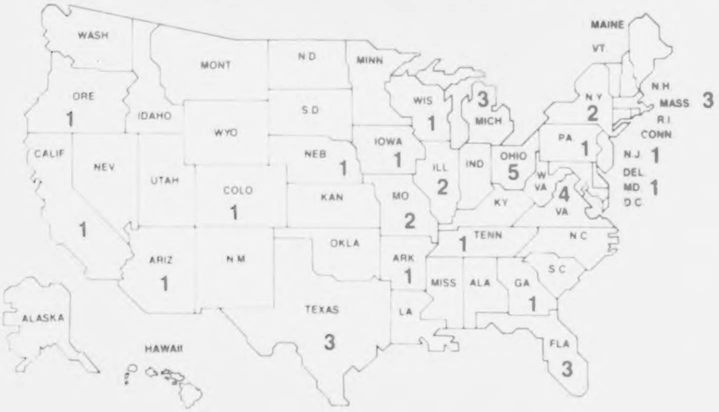
The bungalow architecture of Houston's Montrose Veterinary Clinic blends well with the surrounding neighborhood. Owner Dr. Patrick Ross Davidson chose the dancing cat and dog motif on the roof gables to identify the structure as a dog and cat hospital. This theme also serves as the clinic's logo.

In the reception area, vaulted ceilings and ceiling fans increase air circulation in the muggy Texas climate. "The reception area is homey, and our supply center doesn't look like a supermarket," Dr. Davidson says.

side. Project costs for the 5,350-square-foot facility totaled about $400,000, or $74.77 per square foot. Dr. Davidson values the site, which he purchased five years before ground-breaking, at $60,000.

"I bought the property in 1983 and worked out of the existing structure," Dr. Davidson says. "It was a clinic that was a remodeled bungalow, more or less like the other houses in the neighborhood. We started construction on the property east of the existing building, and when we finished the new place in October 1988, we

MOST ENTRIES—AND WINNERS—HAIL FROM EAST OF THE MISSISSIPPI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N.H.
MASS 3
R.I.
CONN
N.J. 1
DEL
MD 1
D.C.
ALASKA
HAWAII

The map above shows the number of entries from each state. The winners—whose states are highlighted—are listed below.

1989 Hospital of the Year	**1989 Runner-Up**
Montrose Veterinary Clinic Houston, Texas Small animal freestanding	Harding Hills Veterinary Clinic Des Moines, Iowa Small animal leasehold

1989 Merit Awards

Bay Pines Veterinary Clinic
& Bay Pines Boarding and Grooming
Harbor Springs, Mich.
Small animal additions/alterations

Crossroads Animal Hospital
Carrollton, Texas
Small animal leasehold

Just Cats
Cleveland, Ohio
Small animal conversion

Manassas Animal Hospital
Manassas, Va.
Small animal conversion

Pender Veterinary Clinic
Fairfax, Va.
Small animal owner-developed leasehold

The Pet Care Professionals
Memphis, Tenn.
Small animal freestanding

York Road Animal Hospital
North Royalton, Ohio
Small animal freestanding

Raytown Gregory Animal Health Center
Raytown, Mo.
Small animal freestanding

Shamrock Veterinarians
Mt. Dora, Fla.
Small animal freestanding*

Wellesley-Natick Veterinary Hospital
Natick, Mass.
Small animal freestanding

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*Practice is mixed animal, facility is small animal

▶

THE JURY'S VERDICT

The judges agree: The caliber of hospitals entered in the 24th annual Hospital Design Competition was outstanding. Although there were fewer entries this year—41 compared to last year's 62—the jury spent hours narrowing their choices to 12 winners: one Hospital of the Year, one runner-up, and 10 Merit Award winners. Veterinarians Jim Rosenberger and Ross Clark, and architects Dan Chapel and Jim Marshall, served as this year's judges. From among their observations:

- The number of entries from California, Texas, and Florida dropped significantly this year. The three states combined contributed 22 hospitals last year; this year, the total came to only seven. The judges speculate that stricter EPA regulations in these states help make veterinary construction projects cost-prohibitive.
- There appears to be a new popularity in placing gutters at run gates, a feature the jury discourages because dogs tend to step into the gutters when leaving the run.
- Dr. Clark notes that some hospitals lacked office space for associates. "I wonder about the philosophy of not having a secondary office for associates to share," he says. "Here's a person with eight years of schooling; at least give him or her a desk. I think that's sometimes the key to keeping associates."

A revision in the rules

The judges agreed to several revised rules, effective immediately. If you'd like to enter next year's competition, please note:

- Hospitals will now be eligible up to *five* years—rather than two—after their completion dates. Says Dr. Clark: "From submitting my own hospital, I know that by the time you're finished building, you're so drained that you hardly have energy." The longer time frame also allows veterinarians to better assess how pleased they are with their new buildings.
- Hospitals may be entered only once, unless the judges request resubmission on a case-by-case basis.
- Each entry must include photos that adequately depict the design. Entries lacking photos from key areas risk disqualification.
- Awards will be given to no more than 12 facilities, with one designated "Hospital of the Year." "Runners-up" shall be awarded if the judges see fit. All other awards will be designated "Merit Awards," no matter the construction type. Veterinarians in *all* practice types are encouraged to enter the competition.

Submission and presentation rules are included on the application. To receive an entry for the 25th annual competition, write VETERINARY ECONOMICS, 9073 Lenexa Dr., Lenexa, KS 66215.

sold the old building and the new owners hauled it off, making room for our parking lot." Selling the former facility, Dr. Davidson explains, proved more beneficial than tearing it down, especially from a tax standpoint.

The parking lot, with spaces for 15 vehicles, stands as the only sore spot in the project. "I thought the parking lot, which is asphalt, was where I could cut corners," Dr. Davidson says, "but I was wrong. I should have used concrete because we really had a bad problem with tracking [of asphalt into the clinic]. It's better now, but I can see that I should have done it right in the first place."

Form follows function

The exterior features washboard siding to help maintain the "cottage" style of the previous structure. Dr. Davidson says he chose a beige and red color scheme to produce an eye-catching building. The clinic provides all the comforts of home. "We wanted our clients to feel comfortable, at home," he explains. "I wanted them to be able to go outside, walk around, smoke a cigarette if they want. That's why we included Texas-style, wrap-around porches. There's a feeling of openness, yet clients are protected from the rain or hot sun."

The clinic's interior features vaulted ceilings and ceiling fans for increased air circulation. The reception area leads to the cluster of four exam rooms, which open into the pharmacy and laboratory area. The work area of the hospital includes a grooming ward with a private entrance.

Air quality is controlled with a

TRIBRISSEN®
(trimethoprim and sulfadiazine)
For use in dogs

Brief Summary

Indications: Tribrissen therapy is indicated in dogs where potent systemic antibacterial action against sensitive organisms is required for control of bacterial infection during treatment of acute urinary tract infections, acute bacterial complications of canine distemper, acute respiratory tract infections, acute alimentary tract infections, wound infections and abscesses, and acute septicemia due to *Streptococcus zooepidermicus*.

Contraindications: Tribrissen should not be used in dogs showing marked liver parenchymal damage, blood dyscrasias or in those with a history of sulfonamide sensitivity.

Adverse Reactions: Conditions reported following use of trimethoprim/sulfadiazine include polyarthritis, urticaria, facial swelling, fever, hemolytic anemia, polydypsia polyuria, vomiting, anorexia, diarrhea and seizures. Keratitis sicca, possibly due to prolonged use of trimethoprim/sulfadiazine, has been reported. This condition has also been associated with the prolonged use of other sulfonamide-containing products.

Hepatitis, possibly due to sulfonamide hypersensitivity, has been diagnosed following Tribrissen therapy.

Individual animal hypersensitivity may result in local or generalized reactions, sometimes fatal. Anaphylactoid reactions, although rare, may also occur. **Antidote:** Epinephrine.

Injection: An occasional dog may exhibit minor transient pain or discomfort following an injection.

Precautions: Water should be readily available to dogs receiving sulfonamide therapy.

Side Effects: Slight to moderate reductions in hematopoietic activity following high prolonged dosage in several species have been recorded. This is usually reversible by folinic acid (leucovorin) administration or by stopping the drug. During long-term treatment of dogs, periodic platelet counts and white and red blood cell counts are advisable.

Reproduction: Dogs given therapeutic doses (30 mg/kg per day) of Tribrissen continuously and at interrupted intervals throughout pregnancy gave birth to normal progeny. From these studies, it appears that Tribrissen can safely be given to dogs during gestation.

Tribrissen has not been clinically evaluated in stud dogs and therefore cannot be recommended for use.

Dosage and Administration: The recommended dose may be given once every 24 hours. Alternatively, for severe infections, the initial dose may be followed by one-half the normal daily dose every 12 hours. Continue acute infection therapy for two to three days after symptoms have subsided. Do not extend therapy for more than 14 days. If significant reduction in the count of any formed blood elements is noted, treatment should be discontinued. If no improvement of acute infections is seen in three (3) to five (5) days, reevaluate diagnosis.

Injection: The recommended dose is 1 ml Tribrissen 24% injection per 20 lb. (9 kg) body weight per day administered subcutaneously. Shake well before using.

Tribrissen 24% injection may be used alone or in conjunction with oral dosing. After initial injection, therapy can be maintained with Tribrissen Tablets or Oral Suspension.

Tablets: The schedule below provides for a dose of 30 mg/2.5 lb. per day (approximately 30 mg/kg per day).

WEIGHT OF DOG (lb.)	TRIBRISSEN TABLET
2.5 lb.	30 mg Tablet
10.0 lb.	120 mg Tablet
40.0 lb.	480 mg Tablet
80.0 lb.	960 mg Tablet

How Supplied: Tribrissen 24% Injection: trimethoprim 40 mg and sulfadiazine 200 mg per ml sterile—supplied in 30 ml multiple-dose vials.

Tribrissen 30 Tablets: Each white sugar-coated tablet contains 5 mg trimethoprim and 25 mg sulfadiazine—supplied in bottles of 100 tablets.

Tribrissen 120 Tablets: Each white sugar-coated tablet contains 20 mg trimethoprim and 100 mg sulfadiazine—supplied in bottles of 100 and 500 tablets.

Tribrissen 480 Tablets: Each white scored tablet contains 80 mg trimethoprim and 400 mg sulfadiazine—supplied in bottles of 100 and 250 tablets.

Tribrissen 960 Tablets: Each white scored tablet contains 160 mg trimethoprim and 800 mg sulfadiazine—supplied in bottles of 50.

Caution: Federal law restricts the drug to use by or on the order of a licensed veterinarian.

COOPERS
A Pitman-Moore Company

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WHO ENTERED WHAT?

The 41 entries in this year's competition included:

Construction type

New freestanding:	24
Leasehold:	7
Additions and alterations:	5
Conversions:	3
Owner-developed leasehold:	2

(No hospitals entered in either the "alterations only" or "additions only" categories.)

Practice type

Small animal:	33
Mixed animal:	8*
Large animal and equine:	0

*Only two facilities of the eight mixed animal practices were designed to treat large animals in-hospital.

three-zone system. "I wanted each section to be contained as far as sound, heating and air conditioning, and ventilation," Dr. Davidson says. The three zones are configured as follows: the reception area; the lab/pharmacy, treatment, surgery, radiology, and offices; and the animal quarters, isolation, and grooming.

Three high-efficiency, gas-fired furnaces and an electric heat pump warm the clinic. Cooling for the facility comes from four electric, high-efficiency air condensers. Acoustic walls and sound doors also aid in temperature control. Exhaust fans in each ward, along with the separate air-conditioning systems, keep air from recirculating.

"By doing the design this way, we have three sound zones all separated in the clinic," Dr. Davidson says. "The odor is controlled by the four mechanical units that change the air, filter it, and isolate the kennel air from the public areas. There is absolutely no noise or odor transmission to any other part of the clinic, or to the outside. The neighbors love it." The clinic, he adds, is equipped with 80 cages and eight indoor runs.

Why the meticulous attention to internal systems? To ward off Houston's intense heat, extreme humidity, and seemingly never-ending sunlight. In addition to the air systems, the porches and sun blinds help to shade the doctors' offices and employee lounge, which are located on the west side of the building.

Interior detailing, Dr. Davidson adds, was designed as much for

MONTROSE VETERINARY CLINIC

Address: 1701 Montrose Blvd.
Houston, TX, 77006

Owner: Patrick R. Davidson, DVM

Practice type:
100 percent small animal

Support staff: 6 full-time
2 part-time

Building size: 5,350 square feet

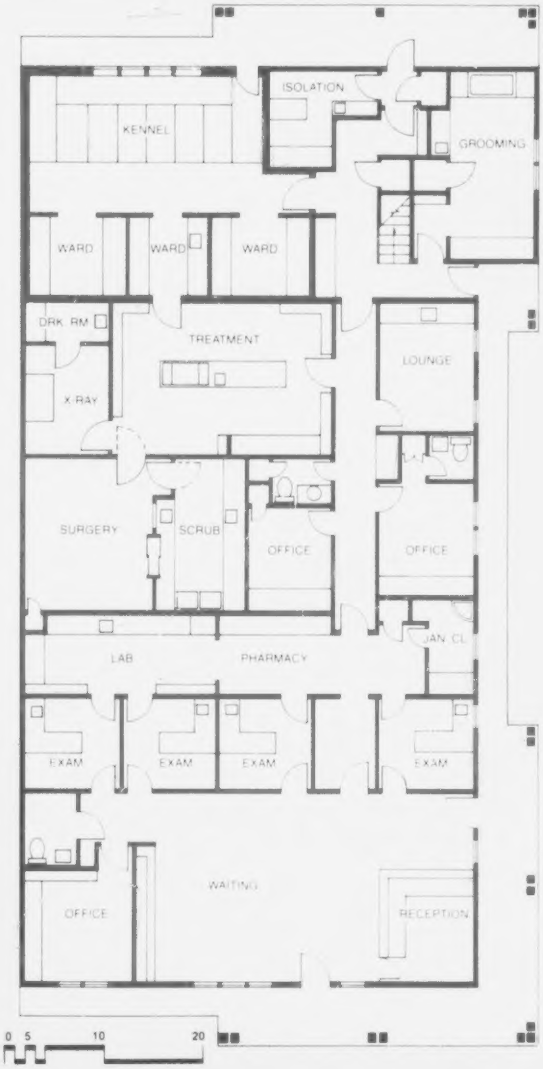
Construction cost: $400,000
($74.77 per square foot)

Site cost: $60,000

Equipment costs: $49,000

Furnishings costs: $2,000

Architect:
L. Barry Davidson Architects
2514 Elmen St.
Houston, TX 77019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In the treatment area (above), as in the office and public areas, the ceiling is enamel paint on gypsum board. Floors are made of seamless, germ-free sheet vinyl mipolam, with integral cove base. Built-in cabinets and shelves in the lab/pharmacy are made of Melamine on particle board. Counters and splashes are of plastic laminate. Fluorescent lights overhead and under cabinets illuminate the work areas.

THE GOING RATE FOR NEW HOSPITALS

Clinic type	Average construction costs[1]	Average cost per. sq. ft.
Freestanding	$288,921	$ 70
	282,605	58
Leasehold	64,150	27
	41,824	22
Additions	*	*
	100,000	100
Alterations	*	*
	107,678	32
Additions/alterations	336,074	37
	185,060	49
Conversion	275,833	62
	148,885	47
Owner-developed leasehold	522,830[2]	91
	244,080	90
All projects	255,773	59
	202,648	50

☐ 1989 entries
☐ 1988 entries

[1] Figures compiled from VETERINARY ECONOMICS Hospital Design Competition entries from 1988 and 1989. Land and equipment costs not included.

[2] Tabulated by multiplying per-square-foot cost of total center by square footage of clinic and adding the cost of the leasehold improvement.

*Not applicable.

MARKING A MILESTONE

1991 marks the 25th year of our annual hospital design competition. To help us prepare a special section commemorating this anniversary, we invite you to share any anecdotes or opinions you have about the evolution of hospital design. How far has the profession come? How far is there still to go? Write Hospital Design, 9073 Lenexa Dr., Lenexa, KS 66215. Thank you.

client and staff comfort as for durability and convenience. Seamless vinyl floor covering—with integral cove base, heavy vinyl wainscoting, and vinyl wall coverings—helps maintain cleanliness. Leash hooks, medical and veterinary supply cases, discreet signage, and ambient lighting enhance client comfort and help reduce confusion and anxiety in the sometimes-hectic clinic.

Ready to grow

Dr. Davidson describes the Montrose Veterinary Clinic as a medium-sized practice that's growing. Approximately 350 square feet of attic space is available for an office and apartment unit; air conditioning and carpet are already installed in this area.

"I wanted to include the extra attic space just in case we were to become a 24-hour clinic," Dr. Davidson says. He currently works with one associate, Dr. Stephen Burda, plus six full-time and two part-time employees.

According to Dr. Davidson, his practice has grown 35 percent since opening its doors. "I attribute a lot of it to a great building," he says. "You can have a practice with all the quality in the world, but if clients don't come in, they'll never know it. One has to get them in the door first."

"I know," he concludes, "that if clients believe we've gone the extra mile on the building in terms of quality and convenience, they also know we will go the extra mile to make sure they have healthier pets." ■

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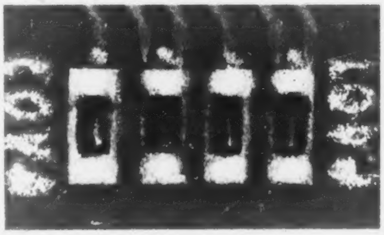

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MEMO FROM THE EDITOR

A silver lining in a stormy situation

At first, we called this month's cover story, "Is the oversupply over? Or are there just too many practices?" As the article evolved, however, it became clear that "too many practices" is only one of the theories being put forth to explain why many veterinarians are having trouble finding associates. Specialization is cited as another reason, as are low salaries, independent-minded practitioners, a decline in veterinary-school enrollment, an increase in the number of part-time doctors, and a general exodus from the farm to the city.

I suspect that an all-encompassing reason is money, but *not* the money that owners can afford to pay their associates. For the most part, I believe that they are paying as much as they can. But I'm not convinced that they're *making* as much as they can. I've heard veterinarians themselves wonder aloud why anyone would enter a profession that pays so little. What they don't seem to realize is that "what the profession pays" is largely up to them.

Management consultant Don Dooley says that the current associate situation may be the catalyst that *forces* veterinarians to charge what they are worth and for what they do. There are, of course, some veterinarians who do that now, and the proof of their success is in their wallets and in their attitudes. And as the Wizard of Oz might say, these veterinarians have nothing more than you do except a belief that clients can and will pay a fair price for the services their pets need.

If generating more income is good for you, good for those who work for you, and effective in keeping veterinary medicine on the map as a "desirable" occupation, I'd say it's a solution worth pursuing. The really good news is that it's good for clients, too. As Dr. David Nelson says (see page 42), "I think that most veterinarians agree that our goal is to provide quality care for our patients and clients, yet the one certainty of undercharging is that we *can't* provide that care."

Becky Turner

Rebecca R. Turner

veterinary economics

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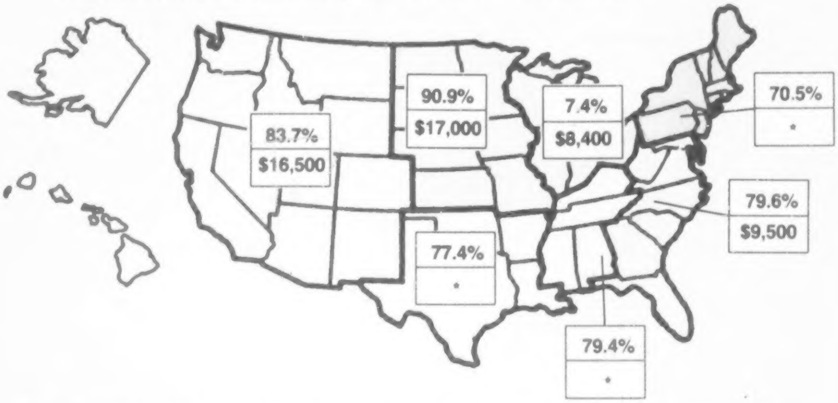
A Medical Economics Publication

NOTEWORTHY

WHO SELLS RETAIL PRODUCTS?(And how much do they make?)

The map below shows the percentage of veterinarians who sell non-prescription retail products, and the median gross income from these sales.



Source: VETERINARY ECONOMICS Continuing Survey, 1989

*Insufficent base

NATIONAL PET WEEK HITS THE DECADE MARK

On May 6-12, National Pet Week will celebrate its 10th anniversary. This annual program emphasizes the uniqueness of the human-animal bond and informs the pet-owning public of the role veterinarians play in companion animals' health.

This year, the American Humane Association and veterinarians nationwide joined forces with Pet Week sponsors the AVMA, the AVMA Auxiliary, and AAHA in a successful campaign to urge the Senate to pass a resolution declaring May 6-12, 1990, "National Pet Week and Be Kind To Animals Week." (The latter is an annual campaign that began in 1915.)

The resolution, which was introduced by Sen. Pete Wilson (R-CA), now needs 218 cosponsors before the House of Representatives passes it.

The theme for this year's week is "Happiness is a Healthy Pet." AVMA President Dr. Samuel Strahm says, "With the national focus on pet health during this week, it is the veterinarian's opportunity to take action on issues of concern to the owners of this nation's more than 120 million companion animals."

. . . .

Educating pet owners is also the focus of a new program that teams practitioners with elementary school teachers to instruct children on proper pet care. The "Adopt-A-Classroom" program, sponsored by Hills' Pet Products, includes a guide for preparing a teaching unit, as well as lesson plans geared to each grade level of elementary school students .

For more information on how you can "Adopt-A-Classroom," call (800) 255-0449. ▶

THE SUCCESS FILE

Management ideas that can make a difference

By Bob Levoy

Heed these warning signs when hiring

Even job applicants with the right experience for your practice may have qualities that personnel experts consider to be "warning signs" of trouble. Among them:

- A history of "job hopping." Three jobs in five years may be too many, unless the job changes have a sensible pattern—say higher pay or more responsibility. To avoid losing a new hire, offer a job and salary commensurate with the person's experience and expectations.
- Job applicants who reveal confidential information about former employers, their practices, and/or clients. Many practice owners say they would disqualify an applicant just for this lack of judgment.
- Overqualified job applicants. I've heard many veterinarians express more concern about "super competence" than incompetence. Such job applicants can be immensely appealing, but you may be unable to provide work that is sufficiently challenging and interesting to keep them happy.

Recognizing these warning signs will help you avoid the "buy now, pay later" regrets that many doctors have had about employees hired in haste.

Bob Levoy is a management consultant, author, and popular speaker to the veterinary profession.

IS THE OVERSUPPLY OVER?

If there are still too many veterinarians, why is it so difficult to find an associate? The answers offered here run the gamut from specialization to gender, but the larger question remains: How will the profession react to this manpower crisis of a very different kind?

By John Lofflin

Don't tell Dr. Jerry Macfee that there's an oversupply of veterinarians. He's been searching four years to find an associate to help run his McCook, Neb., large animal practice.

And don't tell Dr. Jerry Long, either. He spent all of 1989 looking for an associate to round out his Live Oaks, Calif., mixed animal practice.

Well, of course, you say: With so many veterinarians migrating toward small animal practice, it's not surprising that a few large and mixed practices are having trouble finding associates. It would be different if *small* animal practitioners were having trouble.

Well, that time may have come. Consider the dilemmas of the practitioners described below. Representing a variety of practice types nationwide, they share the need for associate veterinarians.

Just passing through

Dr. Tom Schenck of East Brunswick, N.J., currently manages a small animal hospital with three associates and 18 employees. Like Dr. Long, he spent all of 1989 looking for more help. In the process, he says he got so used to seeing the same classified ads listed next to his, that he routinely gave applicants directions to the next clinic on their East Coast trek. "If you have watched the ads, you know there are a lot of excellent jobs in this state," he says.

Dr. Schenck, a 1958 graduate of Texas A&M University, says he's puzzled by the difficulty he's had finding associate veterinarians. He says his starting salary is generous by national standards, and he offers a 40-hour workweek, with emergency duty one night a week and one weekend a month. His hospital isn't located in a town where they roll up the sidewalks at dusk, either. Applicants, he figures, should be beating a path to his door.

"But the number of responses we've had has been very small," he says. "Everyone I interview has been to five other clinics answering ads."

Dr. Schenck says he is willing to hire new graduates, but he doesn't receive many applications from that group, either. His last two hires were new veterinarians, and he rates them "excellent."

Dr. Schenck says there is no dearth of veterinarians in his area—but there *are* a lot of veterinary practices. When he opened the Edgebrook Veterinary Hospital in 1963, he counted four colleagues. Now he counts 25.

Dr. Schenck points out that part of the problem may be that New Jersey doesn't have a veterinary school. Like many others on the East Coast, his practice has always drawn graduates from Cornell or the University of Pennsylvania. He and area colleagues may not be able to attract Midwestern graduates, he reasons, because they could be squeamish about life on the urban East Coast. "Also, I wonder if the diversification in fields of study has had an impact on us," he says. "I'd like to know if small animal is still growing among veterinary students."

Dr. Schenck steps gingerly around his next theory:"I've got

THE AUTHOR, a contributor to MONEY magazine and a writer for the NEW YORK TIMES, teaches journalism at Park College, Parkville, Mo.

one more question, and I ask this innocently because I sincerely don't know the answer," he says. "I hire a lot of women when I have the opportunity. I have two women on the staff and both have families. One has never worked full-time and the other just cut back to 20 hours a week. I just wonder if anybody has done a study on women who graduate from veterinary schools, and whether they stay in practice after two or three years. I just wonder if this has had an impact on us at all."

Don't jinx it

Dr. Mike Eberhardt of Madison, Wis., doesn't want to ask too many questions: He's superstitious about losing the associate he just hired. The 1966 Michigan State University alum hired an associate January 4 for a position that had been open only 10 days.

You'd think he'd be happy, but he isn't. "I told my wife that I don't even want to talk about the new associate I've hired because I don't want to jinx the thing," he says. "Getting him was a fluke. His wife had been transferred here from Athens, Ga., and she came in and asked me if I needed anyone. If she had come in two days earlier I would have told her to leave a résumé. Instead, we sat down and talked for an hour. She was responding to an ad I ran. By the way, there was only one other response to that ad."

Dr. Eberhardt isn't always so lucky: The last pool of applicants he interviewed didn't include a single veterinarian with experi-

HELP
WANTED

ence. He hired two new graduates for a staff of four that oversees two hospitals; a mistake, he says, because he now believes that new graduates need an environment filled with experienced veterinarians who can serve as mentors.

Dr. Eberhardt's new associate has clinical experience, a criteria he insists upon after having hired—and fired—new graduates. "The pool I had before was terrible," he says. "I was offering an above-average salary for a new graduate, $26,000, which is good for this area. But the new grads I interviewed all needed a big reality pill. We're talking two-hour spays, total incompetence in surgery, and total naiveté about the real world. It'll be a while before I consider hiring a new grad again.

"Maybe the problem is that the experienced ones start their own practices. Nobody works better than they work for themselves. Profit is a valuable motive. I think you have to give associates a reason, and that's why I offer them a chance to work on a percentage basis."

"We have far more individual practices than we need," Dr. Eberhardt concludes. "That may be one reason it's tough to get better people to come in here and enjoy themselves."

Filling the ranks

Pat Conner is the manager of the Confederate Ridge Animal Hospital, a mixed animal practice in Fredericksburg, Va. She coordinates the efforts of co-owners Dr. Alan Witter and Dr. Jim Dunlap, as well as four associate veterinarians. Trouble is, with the practice gross growing rapidly (1989 gross came to $730,000), she needs two more veterinarians as soon as possible.

Of potential associates, Conners says: "If they're experienced, it's tough to get them. We have our eyes on one right now with experience, but he's currently working at another practice. You've got to be fast, because when they leave a practice, they get snatched up very quickly.

"I've noticed that private time has gotten more important for young veterinarians. I think, for

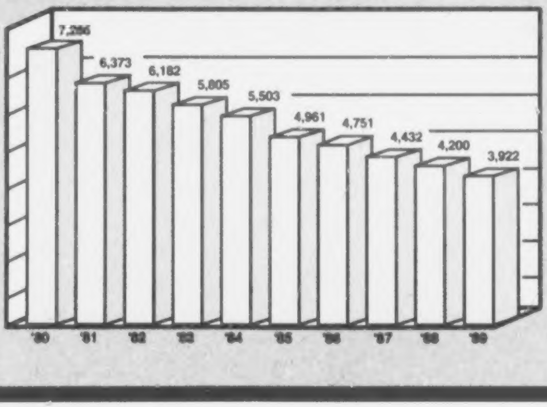
ON THE ACADEMIC SIDE

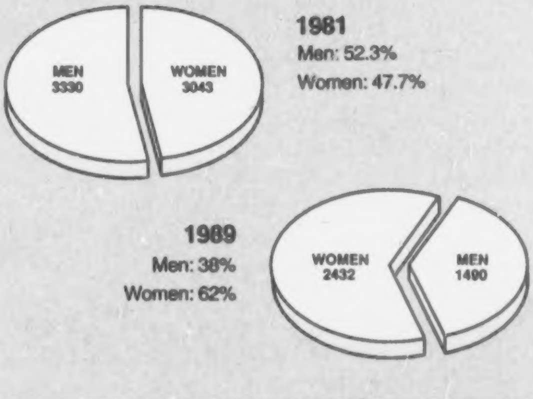
John Tasker, DVM, PhD, dean of the Michigan State University College of Veterinary Medicine, compiles annual, nationwide statistics on veterinary-school applicants. The numbers are steadily declining, with the number of applicants falling from 7,286 in 1980 to 3,922 in 1989. (See charts.)

The statistics confirm that more applicants are female. Men dominated the ranks of applicants by about 300 in 1981. In 1989, there were nearly 1,000 more women applicants than men.

Dean Tasker adds that AVMA statistics show that women make up 21 percent of equine practices, 19 percent of mixed animal practices, and 29 percent of small animal practices.

NUMBER OF VETERINARY - SCHOOL APPLICANTS





better or worse, that reflects a change in society. The new graduates feel they worked like dogs in school, and they don't intend to continue working that way now that they've graduated."

Of women veterinarians, Conner says: "This practice has had six male associates and five female associates. On average, the men have stayed with us $8\frac{1}{2}$ years, and the women 16 months, to date. Three of the five women left due to family commitments. It has seemed to us that we've gotten more resistance to long hours from the females. Family commitments apparently are one reason; some of our female associates also have registered concern for their personal safety while working alone at night. For these reasons, we feel a man would be more satisfactory.

"I'd like to add, however, that we've just hired a woman veterinarian for an exclusive small animal position, and we're really happy with her. She has five years' experience and a realistic understanding of the work demands. We discussed her hours thoroughly and agreed on a schedule that works for her and for the practice. She also agreed to take large animal emergency calls when we need her.

"In response to all of the doctors' needs, we've put all of them on two, rotating shifts, which provides a smoother, more efficient work flow, and more predictable hours. We know that to remain competitive and to attract the very best doctors, we have to be flexible, too. As the graduates change, so must we."

An experience shortage

Atlanta small animal practitioner M. Spencer Newman argues against the notion of an "undersupply"—even though it took him nine months to hire his current associate. He was inundated with applications from recent graduates, he says, but getting applications from experienced veterinarians was another story.

"I just wasn't satisfied with the candidates I got," says the 1973 Michigan State University graduate. "I brought several of them in

NEED AN ASSOCIATE? CALL THE AVMA

"We were mobbed," says Dr. Ann Schola Clark when asked to describe the response to the AVMA's new computerized placement service, which went on line October 1, 1989. "We thought it would grow. It has exploded around our ears!"

The service, she says, is more than just a computerized version of the AVMA's placement service bulletin. The computer enables the AVMA to match jobs to applicants via a variety of criteria, from geographic location to specialty.

A practitioner who needs an associate requests an application and lists the requirements and nature of the job; this information is logged into the data base. Job applicants indicate their skills, background, and desires. The computer matches the information and provides the employer with brief résumés on the applicants who fit the specific job. It then rests on the employer to make contact, interview, and so on. The system provides for applicant anonymity when necessary. Applicants also are sent lists of position descriptions.

Dr. Clark says the service also includes government and industry jobs, as well as jobs requiring doctorate and master's degrees. "Right now we've got about 1,000 jobs and about 1,000 applicants," she says. "We haven't even been able to stop long enough to go back and ask people if we helped. But at the big annual meetings, we've seen people hired right in front of us." One applicant at a recent equine convention interviewed for 15 positions without leaving town, she says.

Dr. Clark says she suspects the veterinarian surplus was "actually a distribution problem." Of today's graduates, she says, "When I'm looking at applicants' desires as they enter the system, I'm seeing a lot of new grads who've expressed an interest in large animal, mixed animal, and food animal."

Although the job placement service is currently free, the AVMA board is considering a user fee; when enacted, those already in the service must pay to remain active. For more information, call AVMA's Placement Service at (800) 258-2862.

part-time to work in the practice on a trial basis, and I simply wasn't happy. Among the problems I encountered were inadequate surgery skills, inaccurate record-keeping, and unauthorized discounting."

Dr. Newman had equally disquieting experiences with the applicants to whom he offered the job. One decided to open his own practice instead. Another called the day before she was to start to say she'd been offered the solo slot in a new hospital. Dr. Newman finally hired an experienced veterinarian from nearby South Carolina and is confident the new doctor will be an excellent fit.

"In retrospect, I think I limited myself too much by only trying to get someone locally," he says. "I didn't think this practice was ready for a new graduate, so I was looking for someone with at least a year's experience. I only advertised nationally near the end of the year, and that's how I got the doctor I hired."

A larger view

Dr. Alan Bush is a management consultant and former small animal practitioner who "coaches" veterinarians in how to run their clinics as small businesses. From his perch "at the end of the highway" in Big Pine Key, Fla., he says that the associate crunch is worse than it was two years ago.

More than a few of his clients "literally can't get people to look at the positions they're trying to fill. They report either no pool of applicants, or a pool so small they can't control the hiring procedure," he says. Most of the un-

THE COMING CRISIS: VETERINARY MEDICINE AS A SECOND INCOME

"Everybody I talk to is worried that the schools are full of women students and it's going to have an impact on the number of associates, but that's a pretty sexist idea," says Don Dooley, a practice management consultant in Los Gatos, Calif. Dooley argues that most students today—men and women—consider veterinary practice to be only a *piece* of the financial puzzle.

"Many of the male students hope to marry women professionals who will provide a share of the income," Dooley says. The problem is, he adds, that associate veterinarians take home so little that they find themselves as the ones who meet family needs *at home*.

"There are a lot of house-husband veterinarians," Dooley says. "I know a veterinarian married to an attorney. He's even a practice owner. But if the kids get sick, he stays home to take care of them. She makes $100,000 a year, so it makes economic sense for him to be the baby sitter."

The net result, Dooley contends, is that veterinary medicine attracts students of both sexes who don't want to become full-time professionals. "I see more people going to veterinary school to have something that will be a hobby, not a vocation," he says.

This attitude, Dooley says, may precipitate a crisis that will force the profession to pull itself up again. "We don't do anything without a crisis, and there's about to be a crisis in this profession," he says. "By the mid-1990s, there simply won't be enough veterinarians who want to work."

Dooley's solution: "We've got to get charges up where we can pay people enough to make this a full-time profession again. Who would choose to go to school eight years, wind up with $40,000 in school debt, and go to work in a profession that pays you $24,000 your first year?"

Dooley admits that some young practitioners are doing well in veterinary medicine, but the average starting salaries in many parts of the country speak for themselves. In the Bay Area, he says, starting salaries are about $30,000 a year; with personal monthly rent averaging $800, that's not enough to support a single person, let alone a family.

An even bigger problem, he warns, is that there won't be veterinarians around in the next century who are willing to buy practices when the owners are ready to retire. "When an owner today cautions a new associate that the practice is one with 'long hours,' the associate says: 'Hey, long hours three days a week ain't too bad.' "

filled jobs, he adds, involve adequate salaries and good working conditions. And they aren't all in remote corners of the forest, he says: "They're in Boulder, Colo., Northern California, interesting areas on the East Coast. . ."

According to Dr. Bush, if there is an oversupply, it's of practices, not people: "We may indeed have too many practices, but I don't think we have too many veterinarians." Why? Money, he says. "If the average income of a veterinarian is $41,000 a year, it's not hard to see why there isn't anyone in the pipeline today.

"I just got back from the West Coast. I met a recent college grad on the plane who was on his way to work at Boeing. His was also a six-year degree, but it was in metallurgic engineering. He said he was starting out at $100,000 with no experience."

"Starting salary for associates ranges from about $20,000 to $30,000 a year," he continues. "For that amount, in many parts of the country, you can't afford to have a spouse and children, or to own your own home."

Dr. Bush adds that many recent graduates rush to start their own clinics rather than settle into associate spots. "We see them going into practice very quickly today," he says. "Veterinarians in general tend to be very independent."

Dr. Bush also raises the thorny gender issue, and asks what impact women veterinary graduates have on the associate pool. "What percentage have stayed in the profession since 1973 when they started graduating in large numbers?" he asks. "I have to think a higher percentage have left the profession, or are practicing part-time, than male graduates. Everyone—male or female—who comes out of the pipeline and doesn't practice lowers the numbers."

Mixed animal dilemma

The difficulty of finding associates could produce more than jangled nerves and increased classified advertising revenues: In some cases, practice owners are about to settle for a stagnant practice.

In the California valley, for example, Dr. Jerry Long sees no sign of workload relief in his three-person mixed animal clinic. If it weren't for the three pickup trucks, the expensive fiber-optiscope, and the rest of his costly equipment, he says, he'd just chuck the whole idea of a growing practice and settle into a comfortable, one-person load.

The 1976 Washington State

AS SOCIETY CHANGES, SO MUST THE PROFESSION

"I thought that was an old chestnut," Dee Jacobson, DVM, says with a chuckle. The idea that the increased number of women veterinarians is behind the problems some practitioners have finding associates, she says, belongs to the past. "I guess they've just got to blame something."

Dr. Jacobson, once a practice owner herself, says she thinks women are just as interested as men in owning practices, and have no more difficulty than their male colleagues finding funds to buy or start practices. But both men and women veterinarians, she says, are more picky about where they settle.

"There *is* a problem finding good associates for private practice," says the San Francisco veterinarian, who also serves as president of the Association for Women Veterinarians. "I think it depends more on where your practice is located, but it is not related to the fact that there are more women in the profession. A lot of women practitioners have children, and most continue working up to the delivery and start back soon after. On the other hand, there are a lot of men who do relief and part-time work."

Dr. Jacobson attributes the increased ratio of women to men in the profession to economic realities . "The expected income today is not very good; that's what has changed the demographics," she explains. "Women may be less interested in the bottom-line economics of the profession, so they've taken up the slack.

"Once you're in the profession, the return on your hard work just isn't the same that it was when I graduated in 1970. People want a certain quality of life—it's not a sexual issue at all. It's the way society has changed. Graduates just have a different attitude today."

alum says that when he first advertised the position, he thought he'd quickly have plenty of résumés. Interviewees "bounced in and out" all year, but either they weren't interested, or he didn't think they were right for the job.

"There are basically two kinds of applicants out there," he says. "You either have middle-aged guys who are selling their practices and are prone to changing their minds, or you have new graduates in mixed animal who don't know enough. For one thing, they're not trained to deal with people. They don't study enough business, so they aren't able to understand the owner's point of view. And they have no sales ability. You've got to be able to sell your services or you won't have anybody to do them for."

Dr. Long says he's not alone in his search for an associate; he quickly ticks off the names of eight other DVMs in a 60-mile radius who are looking for associates. "When people interview today, salary is not the first thought on their minds," he says. "The first question is the work schedule. The second is the emergency situation, and the third is wages."

Dr. Long thinks his practice ought to be attractive to associates. It's a progressive practice, he says, the first to be computerized in the area—nearly a decade ago. And it grossed almost $600,000 in 1989. Even so, he's had a tough time finding associates who fit in.

"Of the last four, only one fit in snugly right away," he says. "In mixed animal practice, it takes a new person at least three months to find his way around the country efficiently. By then, there should be clients calling and asking for him, and everybody should begin to feel comfortable working together."

> "If the average income is $41,000, no wonder there isn't anyone in the pipeline today."

Now that's a long wait

If Dr. Long thinks he's waited a while to hire an associate, Dr. Jerry Macfee could set him straight. Dr. Macfee's McCook, Neb., large animal practice has always employed one or two associates, but the doctor has not been able to hire anyone with "client acceptability" since 1986. He says he sees a sparse crop of recent graduates willing and able to be associates in a large animal practice.

"I've made up my mind to just do what I can now," he says. "I've narrowed my practice to my real good clients, and my gross is still growing every year, but I'm not doing a lot of the services I'd do if I had someone else."

Dr. Macfee says his quest has been so long that he can't remember when he stopped advertising. A veterinary-school dean sometimes sends a graduate to McCook to interview, but with so many positions open in places closer to their roots, few stay. "It's not salary," Dr. Macfee says. "I'm not flinching at what they're asking for."

Dr. Macfee says he thinks the problem is simply that so few veterinary students are interested in large animal practice. Like others, he attributes that partially to the urbanization of veterinary schools: "When I was accepted at Kansas State in 1958, the criteria included whether you had a farm background, whether you had been in 4-H—questions that were designed to measure your chances for success in large animal practice. But the veterinary schools took that rural aspect out of the selection process. People from rural areas couldn't cut it as often as people from the cities, who probably went to better high schools."

Dr. Macfee also questions what impact the increase in women veterinary students has had on the number of large animal graduates. "They take up half the seats," he says. "But I only know a half-dozen food animal practitioners in the whole state of Nebraska who are women."

Dr. Macfee says he thinks there's a profound change working in the nature of large animal practice as a result of the associate shortage. "In areas like mine, we may have to look at training lay people to do much of the technical work while we act more as consultants," he says. "We may also need to look at training our clients to do the routine procedures themselves."

"I think the crisis is here," he concludes. "I just don't think we've recognized it yet." ■

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Are your clients ready for nutrition?

Employees: Finding and keeping the best

Which management style suits you?

THE MAGAZINE OF PRACTICE MANAGEMENT

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ARE YOU MAKING TOO MANY DECISIONS FOR YOUR CLIENTS?

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MEMO FROM THE EDITOR

Changing the surgery site

Yes, the veterinarian on the cover is performing surgery on a client's wallet. I suspect he'd rather be operating on the client's pet, but chances are, he didn't recommend that option because he figured the client wouldn't pay for it anyway. He probably doesn't know it, but every time he decides what clients don't want, he sews up another wallet.

Now, before you chastise him (or me) for a preoccupation with money, let's consider what else he's doing: He is denying the client and the patient the full benefit of his expertise, and he is denying himself and his family a decent income. If you still don't like the reference to money, then think only about what can happen to an animal when its doctor doesn't discuss what it truly needs.

From what I can tell, *medicine* is the answer to your profession's prayers. Almost every other aspect of practice brings with it the "should-I-or-shouldn't-I" doubts, whether we're talking about product sales or advertising. Medicine, on the other hand, is the arena in which you can shine, and in which there is no question that you know best. No matter what a nice person you think you're being by making decisions for your clients, you serve them better with the confidence and skills that come with your degree.

After you read Don Dooley's cover story, try what he says. If your clients kick and scream and refuse your recommendations, what's the worst that can happen? You can resort to the treatment you would have offered in the first place. But wouldn't you rather be sewing up animals than wallets?

Becky Turner

Rebecca R. Turner

veterinary economics

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A Medical Economics Publication

ARE YOUR CLIENTS READY FOR NUTRITION?

Your colleagues say yes—clients *are* receptive to nutritional advice for their pets and are eager to learn more. Are you providing the information and services to meet their needs?

By Rebecca Gants, SPECIAL ASSIGNMENTS EDITOR

Percent of veterinarians who provide nutritional counseling:

86........

How will you distinguish your practice in the 1990s? Two buzzwords come to mind: *service* and *prevention*. With clients demanding service, it only makes sense to educate them about the long-term advantages of preventive health care for their animals. And, with an estimated 25 to 45 percent of all dogs and 20 percent of all cats overweight, nutrition is a good place to start.

"Proper diet comes under the heading of medicine," stresses Dr. James Weiss of Atlanta. "Outlining the nutritional needs of a pet is just as important as placing it on a routine vaccination schedule." Dr. Weiss, owner of a two-doctor small animal practice, is not alone in his opinion. About 86 percent of the respondents to a recent VETERINARY ECONOMICS survey say they offer nutritional counseling to their clients; most say they began emphasizing this service within the past two years.

Are clients listening to the doctors' advice? Respondents say yes. In fact, 20 percent say that their clients are very receptive. Another 74 percent say that their clients are somewhat receptive to nutrition-related information for their pets. While not every client is willing to pay the price, very few turn a deaf ear to the subject. More than 90 percent of the respondents say that clients are ready to learn more about their pets' nutritional needs.

Getting the word out

How do your colleagues communicate the connection between a proper diet and a healthy animal? About 32 percent of the doctors surveyed say they use printed informational materials. Four percent use audiovisual aids, 7 percent offer a clinic newsletter, and another 6 percent utilize such tools as waiting-room displays, samples, and computerized reminders. But the majority—52 percent—rely primarily upon face-to-face communication between client and doctor, whether the conversation takes place in the exam room or in the feedlot.

"Most literature gets thrown away anyway," says Dr. David Majchrzak, an associate at Lemay

---

THE AUTHOR, a business and financial writer, has covered the veterinary profession for 15 years.

Percent of veterinarians who say their clients are "very" or "somewhat" receptive to nutritional information and products:

94

Percent of veterinarians who think clients are becoming more receptive to nutritional information:

91........

Animal Hospital in St. Louis, Mo. He says that the predominantly blue-collar clients of the four-doctor companion animal practice wouldn't sit still for client education videos, so the doctors do most of the talking about preventive medicine.

"This practice is 39 years old, but there was not a lot of emphasis on client education until two years ago," says the 1986 University of Missouri graduate. "A lot of old ideas are still floating around. For example, pets in this vicinity are prime targets for heartworms because we're located along a river. A typical client conversation goes like this:

Client: Heartworms aren't a problem because my dog never goes out of the yard.

Doctor: Well, If you've discovered a method to keep mosquitoes out of your yard, please share it with me, because mosquitoes spread heartworm disease.

Client: Oh, I see."

"After an explanation," Dr. Majchrzak concludes, "the client is receptive to heartworm testing and prevention for his or her pet. Within the past 2½ years, heartworm treatments have decreased by 50 percent in this practice."

On the nutrition side, Dr. Majchrzak treats most of the diabetic patients at the hospital. "Finding out your pet has diabetes is a shock to most clients," he says. "I've found the best approach for any type of client education is to compare the pet's problem with the same situation in people. Clients quickly overcome their anxiety and are more apt to treat their pets for diabetes when they learn that I, too, am a diabetic.

"We have a 75-percent success rate with client compliance in treatment with insulin and diet, because they feel their pets are in good hands. I'm proof that a normal life is possible for a diabetic."

Dr. Majchrzak admits that his enthusiasm wanes a little when he speaks to a client with an obese pet. "Unfortunately, too much client education comes after the fact," he says. "You are skating on thin ice when discussing nutrition for the heavy pet, particularly if the client is also overweight. In that situation, I focus strictly on the medical reasons why the pet should lose weight—to avoid joint problems and heart and kidney diseases."

Dr. Majchrzak and the other doctors at Lemay Animal Hospital discuss nutrition with clients during each young pet's first visit, outlining a life-long plan for good health. "The results are subtle, but we've been seeing a lot more young animals at the practice," he says. "As our clients become more aware of what veterinary medicine has to offer, we get fewer requests to put animals to sleep when treatment is possible."

Sharing the expertise

"Clients like their doctors to be well-informed," says Dr. Jim Weiss of Atlanta. "Nutritional services prove that you're keeping up with the latest information.

"From an economical standpoint, feeding a good diet and following preventive-care guidelines makes sense. Clients learn that their pets' medical problems are less expensive to prevent than to treat," says the 1957 University of Georgia alumnus.

"Surprisingly, most clients bring up the topic of nutrition as their pets approach middle-age. People are used to annual physicals for themselves. They appreciate careful questioning on our part to evaluate potential health risks for their pets. My job is to tell these clients how devastating an improper diet can be for the aging animal."

Built-in scales in his exam tables allow Dr. Weiss to monitor each patient's weight over time. "If we notice a pet is getting heavier, we casually question whether the owner has added table food or treats to the pet's diet," he says. "I don't sell pet food; we handle only the prescription medical diets. But nutrition is really not a hard sale with our clientele. They are well-versed in medical procedures and willing to do anything within reason for the health of their pets."

For the past 10 years, Dr. Weiss has offered geriatric exams, consisting of a chest X-ray, EKG, urinalysis, blood profile, and exam, costing up to $150. His $25 office call includes nutritional consultation; guided tours are complimentary when time permits.

"I answer clients' questions without oversimplifying," he says. "Clients feeding puppies OTC dog food see immediate re-

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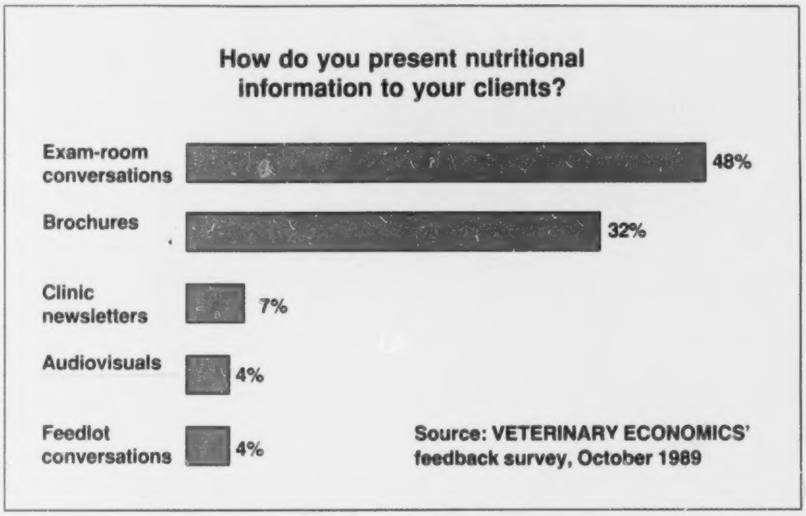

Source: VETERINARY ECONOMICS' feedback survey, October 1989

NUTRIMENT FOR THOUGHT

In a recent VETERINARY ECONOMICS survey, we asked your colleagues, "Do you feel nutritional services have improved your practice?" Most of the more than 80 respondents—87 percent—said yes. When we asked *how* nutritional services improve a practice, many doctors told us that such services result in "improved animal health and increased sales." They also mentioned that nutritional services:

- allow you to offer better, more complete service to clients.
- promote better management of longstanding illness—diabetes, heart failure, renal disease, and so on.
- help clients realize that you care for their animals' welfare.
- decrease the incidence of disease.
- lead to better-informed clients with healthier pets.
- increase sales of biologicals, since preventive medicine is more cost-effective.
- let clients know that you are current on medical techniques and knowledge.
- provide clients a much-needed service.
- increase rapport between veterinarians and clients.
- increase client loyalty; one-stop shopping is more convenient.

sults when they switch to a premium brand. Within four to six weeks, they are happy that house training is easier because the animals produce less fecal matter, their coats are smooth with a high sheen, and they're no longer weak in the carpal joint."

Getting a foothold

Client compliance isn't always so readily attainable, says Dr. Rebecca Whitehead, who owns a mixed animal practice in Tallassee, Ala., 35 miles east of Montgomery. "After growing up in the mountains of rural North Carolina, I assumed opening a practice this close to a metropolitan area would be preferable. The biggest surprise was how uneducated clients are about the basics of veterinary medicine. Preventive health care is a never-ending struggle.

"There's little hope when you are dealing with folks who have been feeding their animals table scraps for the past 20 to 30 years," the 1980 Auburn graduate says. "I have more success with younger couples for whom the pet temporarily serves as a surrogate child. I dispense prescription diets as an alternative to surgery in the face of life-threatening, irreversible situations. Clients are much more receptive to this approach. If the problem recurs, they know we have done everything possible for the pet. Quite simply, it's a matter of convincing them that prevention and a proper diet offer protection of the investment they have in their animals."

Dr. Whitehead uses dietary control for better management of such long-standing illnesses as diabetes, heart failure, and renal disease. For clients with pointers and setters, Dr. Whitehead stresses the benefits of good nutrition in field trial performance.

"Repeating basic information gets very tiresome, but I've learned you can't prejudge clients," she says. "You must give every client the opportunity to provide the best care for his or her pet, because you would never guess that the client with worn jeans and a beat-up pickup truck could be an 'A' client. Once in a while you get a nice surprise."

Although Dr. Whitehead quickly admits that she isn't fond of public speaking, she never turns down an interview on the local radio station, a speech to the local Rotary, or a guest column for the newspaper. "I always make a point of accepting these invitations," she says. And she's not about to give up the battle: "Take advantage of every opportunity, even if this means educating clients one at a time."

Banning table scraps

Dr. David Burba of Altoona, Fla., 30 miles north of Orlando, uses educational pamphlets and newsletters to help educate his mobile clientele of senior citizens. "I like to send something home for the client to read," says the 1987 Auburn graduate. "But direct mail is tough with a seasonal clientele. Basically, you resort to nonstop chatter to convince the clients about preventive medicine." ▶

Percent of veterinarians who say nutritional services have "improved" their practices:

87

Dr. Burba says that convincing his clients to feed pet food rather than table scraps is the first hurdle. "Everyone likes to buy the blue-light special at K-Mart," he says. "I tell clients that premium brands may cost more, but they will feed less food and see fewer health problems in their pets. Once I educate clients about the fats and by-products in dog foods, they start asking questions and comparing data—then they switch brands.

"Sometimes comparing the cost of treatment to the economy of prevention is tough to get across to senior citizens. And I know they double-check my advice with their veterinarians when they return north in the summer. Follow-up is difficult when I see the pet infrequently. So when a pet comes in with a health problem, I always mention that if we could turn the page back for a second look, preventive measures would have eliminated this problem. The client may deny that preventive dollars would have been well-spent, but I always point out the amount of money they're now spending to solve the problem.

"This makes them feel a little guilty about neglecting their pets, but this tactic also makes them think. As a result, they are more receptive for future care."

Dr. Burba also counts hunters among his clientele. "In the past, a puppy's death was no big deal," he says. "Now they realize the value of preventive care. If I mention a procedure to two or three hunters, the word spreads like wildfire, and the entire hunting community is buzzing by the end of the week.

"A local businessman was known to raise super-skinny, black-and-tan coon hounds. After adopting a deworming routine, he is very pleased with the changes. His dogs are healthier, look better, and their hunting performance has improved. What's more, they don't require as much food. This type of turnaround gains attention."

Achieving successful results

Of the surveyed veterinarians who offer nutritional counseling, 87 percent report that nutritional services have improved their practices—whether the yardstick is pet-food sales volume or satisfied clients. A random sampling of the written responses reveals an Idaho doctor who equates increased sales figures with a definite improvement in the health of patients. A Missouri veterinarian reports that he began nutritional counseling three years ago and is now finding that his patients are closer to their proper weights, with better skin conditions and fewer health problems.

Also among the respondents: A Texas feline practitioner who for the past 30 years has kept an eye on her patients' dietary needs, convincing her clients that better nutrition means fewer veterinary bills. As Dr. David Burba of Altoona, Fla., says, "Clients quickly realize that preventive medicine is much more cost-effective in the long run." ■

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Mastering the art of employee criticism

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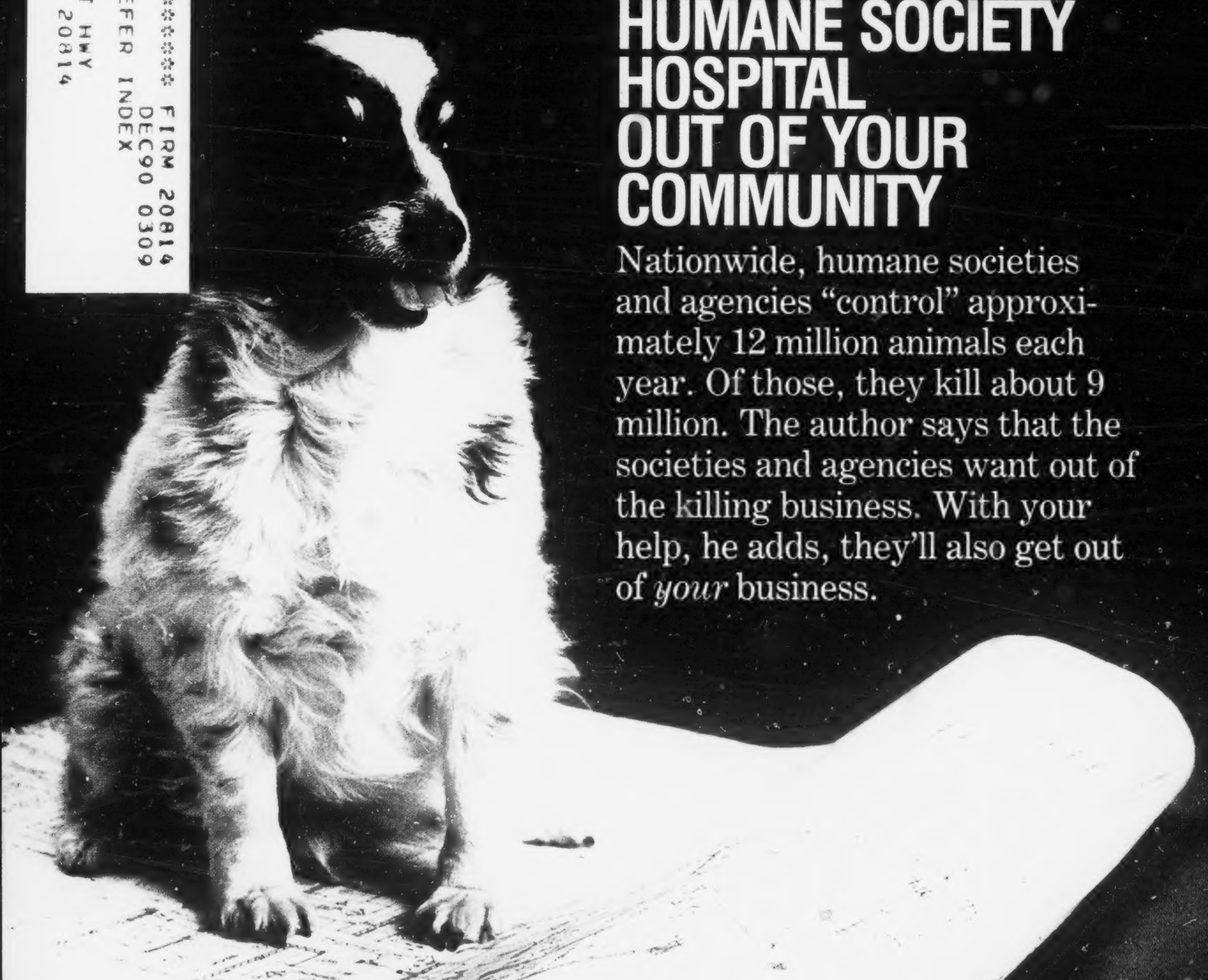

HOW TO KEEP A HUMANE SOCIETY HOSPITAL OUT OF YOUR COMMUNITY

Nationwide, humane societies and agencies "control" approximately 12 million animals each year. Of those, they kill about 9 million. The author says that the societies and agencies want out of the killing business. With your help, he adds, they'll also get out of *your* business.

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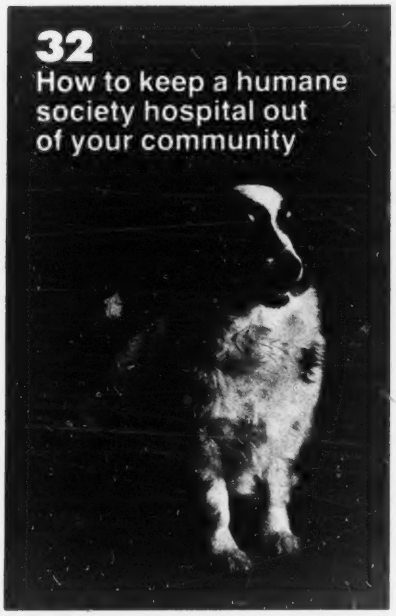

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MEMO FROM THE EDITOR

An understated start

Dear Ms. Turner:

The enclosed is submitted for consideration to be published in VETERINARY ECONOMICS*. . . Let me know if you will publish it. It is not as controversial as the title sounds, but it will probably light up the Letters to the Editor column.*

Sincerely,
Gordon W. Robinson, VMD

Dear Dr. Robinson:

Yes! We would be interested in printing your article; in fact, we are considering it for the cover position in our June issue. You state your position quite eloquently, and I expect your thoughts will generate a great deal of useful discussion within the profession.

Sincerely,
Becky Turner, Editor

And so began the correspondence that led to this month's cover story. Dr. Robinson and I both may have understated the case in these early letters. Even the process of getting this article to press brought with it discussion, disagreement, interpretation, misinterpretation, and compromise. Now, many faxes, letters, and phone calls later, it is here for your consideration. As you read it, keep in mind a point Dr. Robinson made along the way: It is not an article on reproduction. It is an article on economics.

If our office is another indication of how you may react, "light up" may be too mild; *every time* we discussed this article—its length, the number of pages to assign, the artwork—we spent at least 20 minutes more discussing its content. I expect you will do the same. And if you will share with us some of your thoughts and conversations, we'll keep the light on in the letters department.

Becky Turner

Rebecca R. Turner

veterinary economics

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A NO-MORE-EXCUSES LOOK AT VETERINARY DENTISTRY

Your patients need it. Your clients want and will pay for it. Your colleagues are leading the way. Today, there's no reason *not* to get into dentistry.

By Rebecca Gants SPECIAL ASSIGNMENTS EDITOR

In June of 1988, VETERINARY ECONOMICS presented—and countered—the common objections practitioners raise to dentistry. In March of 1989, we countered the objections that clients raise. This year, the objections appear to be over: In a recent survey of your colleagues, *98 percent* said that they offer dental services in their practices.

The survey also showed that dentistry represents a solid 5 percent of gross for 53 percent of the veterinarians who responded. In a $100,000 practice, that equals a $5,000 supplement to income. What's more, 20 percent of the respondents report that dentistry accounts for *more than* 5 percent of their gross incomes.

Take a look at the numbers that follow. Then spend a few moments with the doctors quoted here who have graciously allowed us to look into the finances of their dental programs.

The money bounces right back

Our survey reveals that practitioners spend an average of $2,000 to set up dental programs (see the box on page 48). Thirty-eight percent say they spent $1,000 or less, while 8 percent spent between $5,000 and $7,000. On the average, the doctors report, these dollars are back in the cash drawer within 10 months. For 88 percent of those surveyed, the investment in dental equipment and training paid for itself within a year.

Client compliance shows strength in numbers as well. Half of the respondents say that up to

THE AUTHOR, a business and financial writer, has covered the veterinary profession for 15 years.

25 percent of their clients request dental services without inquiring about cost. Twenty-one percent of the doctors report that half of their clients consent without questioning the fees.

For 15 percent of the doctors surveyed, one of every two clients agrees to dental services after discussing the cost. Only 23 percent find less than 20-percent client acceptance based on cost. If your head is spinning by now, consider this finding: 73 percent say that only one in four or fewer of their clients decline dental services based on cost. And 59 percent place this figure at one in 10 or fewer. Less than one-fourth of the practitioners encounter clients who take offense at the suggestion of dental care for their pets.

The value of fresh breath

"The majority of clients trust a preventive-care approach," says Dr. Michael J. Wells, who practices in Matteson, Ill., 30 miles south of Chicago. "We tell clients of the economic and health benefits that a preventive program for a new puppy has over repairing damage later." The 1978 University of Illinois graduate, who began emphasizing better home dental care five years ago as co-owner of a multidoctor practice, says he's seen a 400-percent increase in dental income.

Demonstrating dental products and care in the exam room, and sending a quarterly newsletter, Dr. Wells and his coworkers charge from $65 to $70 for a complete prophy, including anesthesia and antibiotics. Since shifting their approach from scaling to polishing, the doctors say they're confident that patients are receiving better care.

> "Look at the animal's teeth as well as its lacerated foot."

Dr. Wells says he recouped a $2,500 investment in equipment within six months. Dental services tally about 10 percent of gross. "You can't go wrong with a dental program," Dr. Wells says. "Clients enjoy a pet that has fresh breath and who is more energetic and eats better because dental infection is no longer present. Just keep offering the service to every client who has a pet needing dental care."

The right tool for the right job

In 1989, Dr. Michael Driscoll purchased a 22-year-old, Cheyenne, Wyo., practice that offered only hand scaling. After beefing up his equipment, his practice income has doubled. Dental services represented 15 percent of his gross in June 1989, when the 1980 Auburn graduate scheduled more dentals than surgeries. With practice expansion, dentistry has shifted to a 10-percent role.

Charging $55 for a prophy, the solo practitioner says he generates 25 dentals a month just by taking the time to look into pets' mouths and educating clients. "Just remind yourself when you walk into the exam room to look at the animal's teeth as well as the lacerated foot," says Dr. Driscoll. "If there is no dental problem, talk about prevention."

With seven small animal practices and 10 small animal doctors in a city of 50,000, Dr. Driscoll has seen his practice grow from 120 clients a month to 300. Dental services have added $1,200 a month to income. "Equipment makes all the difference in the world," he says. "I bought a dental scaler and polisher for $1,200 within the first month after buying this practice and recovered my money within four months.

"If you have a busy practice, modern equipment enables you to do the job more quickly. The return on the job is enhanced so you will do more prophys. Dentistry is easier to perform with the proper tools, so you'll be quicker to recommend procedures to clients."

Amazing clients

Seven months ago, Dr. B.D. Atterberry used orthopedic wire to correct an overbite in a young Lhasa apso. Within three weeks, the position of the lower canines began to correct itself. Was the $55 for the braces and $20 for anesthesia money well spent? You bet: Dr. Atterberry sent home a healthy pet with a satisfied client.

"Clients accept dental care once you explain the importance of a healthy mouth to their pet," he

A STRONG SHOW OF DENTAL SUPPORT

In a recent survey of 101 practitioners, VETERINARY ECONOMICS asked the doctors a series of questions about veterinary dentistry. The responses began with a bang when *98 percent* of the respondents said that they *do* offer dental services. Other results:

We asked the doctors how they alert their clients to these services and found that:

- 32 percent present dentistry information during exam-room conversations with clients
- 30 percent check the teeth of every patient
- 16 percent use waiting-room literature
- 13 percent use waiting-room displays
- 6 percent publish newsletter articles on dentistry
- 3 percent use other media–for example, videotapes, computers, seminars, and yearly dental exams

When we asked if clients are receptive to the idea of *home* dental care, 22 percent of the doctors said that "most" of their clients are receptive. Another 61 percent said that "some" of their clients are. Only 17 percent report that "few" of their clients are receptive to home dental care.

How much money does it take to make dentistry a part of your practice? The doctors reported various amounts, none higher than $7,000. For a breakdown of what they spent:

- 38 percent invested $1,000 or less
- 26 percent invested $1,001 to $2,000
- 15 percent invested $2,001 to $3,000
- 13 percent invested $3,001 to $4,000
- 8 percent invested $4,001 to $7,000

Of the respondents, 79 percent have realized a return on their investment. Of those who have not made dentistry a part of their practice, 71 percent say they plan to do so.

Finally, who are these doctors? Are they so very different from you? Their demographic description is as follows:

- 68 percent small animal doctors
- 28 percent mixed animal doctors
- 2 percent large animal doctors
- 40 percent solo practice
- 60 percent group practice
- 45 percent suburban
- 25 percent urban
- 30 percent rural

says. The 1960 Colorado State alumnus practiced for 18 years in the San Francisco Bay Area, then took a $2\frac{1}{2}$-year sabbatical in real estate before purchasing a two-doctor practice in Rogers, Ark. He says that two-thirds of his clients want the same types of services his California clients did. The remaining one-third get rabies shots for their pets—whether they need it or not, he says with a laugh.

Three years ago, Dr. Atterberry began dabbling in dentistry, investing $4,000-plus in equipment. Within eight months, the products had paid for themselves. A dental costs his clients $45 and includes a complimentary toothbrush. Taking into account a few extractions, restorations, root canals, and the occasional orthodontia, dental services average $2,000 a month, or 7 percent of the doctor's gross.

With a traffic flow of 25 clients per day, the practice plans to target 5- to 6-year-old animals for dental reminders this summer. "You can bet that 90 percent of the animals at this age that have never undergone a cleaning need one," Dr. Atterberry says.

"The veterinarian must show special interest to notice slab fractures on premolars and periodontal problems that cause little pain, even though you can almost pull the tooth out with your fingers. Even when the pet exhibits little discomfort, periodontal infection leads to heart and kidney complications.

"That's why you have to take

the time to look into the animal's mouth and explain the ramifications to the client. Certainly, the work is there if I can do 80 prophys in less than four months with a client base of less than 3,000 people.

"In a practice this size, dentistry is more of a hobby than a money-maker, but it is a good service. From a professional standpoint, I feel good that one of my canine patients has held fillings for three years, and that I was able to save five teeth of an animal that was hit by a car."

Smiles all around

Dr. Donald L. Coshun operates a Waukesha, Wis., practice that was started by his grandfather in 1906. Just eight miles away sits Dr. Coshun's second small animal practice in Sussex. Between the two clinics, almost $7,000 worth of dental equipment paid for itself within a year.

Dr. Coshun sees his involvement in dentistry as a progressive interest since his graduation from the University of Minnesota in 1962. A charter member of the American Veterinary Dental Society, Dr. Coshun wore out several ultrasonic scaling units before purchasing air-driven equipment.

"Basically, I've always been interested in dental hygiene because you see so many infected mouths in practice, and a healthy mouth is so important to an animal's well-being," he says. "I feel that the risk of the complications of dental disease outweighs the risk of anesthesia. And client

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awareness and the availability of technology such as isoflurane anesthesia have all mushroomed to make dentistry more feasible.

"Times are changing: In the past, three-fourths of my clientele would wait up to two years to accept dental care for their pets. Today, clients rarely refuse dentals. In fact, the problem I have seems to be sending clients who have scheduled appointments for prophys home because their pets won't actually need the care for another year.

"Clients will bring up the subject even if the doctor won't, because they are repeatedly hit with advertising—on television and in consumer magazines such as GOOD HOUSEKEEPING—about the availability of veterinary dentistry."

Dr. Coshun charges $70 to $75 for a routine dental and reports that fees have increased by 40 percent in the past 20 years. "We're not keeping up with infla-

FIRED UP, PLUS YOUR MONEY BACK TO BOOT

Originally an Indiana farm boy, Dr. Charlie Sink eventually found himself seeing 125 patients—and smoking three packs of cigarettes—every day. Seven years later, the 1968 Purdue graduate packed his bags and headed for a practice in Cheyenne, Wyo.

Dr. Sink jumped just as enthusiastically into dentistry in February 1989, and he's never regretted either practice decision. Enthused by a dental course and wet lab offered by Dr. Peter Emily at Colorado State University, Dr. Sink immediately ordered $4,000 worth of equipment and went to work.

Recouping his investment within 60 days, Dr. Sink attributes 15 percent of his $200,000 gross in 1989 to dentistry. "Dentistry has been the easiest way to recover my investment in 22 years of practice," he says. "Plus, dentistry is the easiest service to sell because of the fantastic marketing job done by dentists."

Having performed an average of three dental procedures—including endodontic and orthodontic procedures, and periodontal surgeries—a week for the past year, Dr. Sink points out that veterinary dentistry is cheap in comparison to the average $350 root canal for humans. For endodontic procedures, he charges $100 for the first root, with $50 for subsequent roots, plus a $30 anesthesia fee. "In presenting the choice between pulling a tooth and performing a root canal, I've never had a client opt to pull the tooth," Dr. Sink says.

In addition to 20 to 25 root canals during the past year, the veterinarian has treated numerous slab fractures, fractured canine teeth, and cervical neck lesions in cats. Paying his technician a bonus of $2.50 per dental procedure, Dr. Sink charges $65 for basic prophys. He includes a toothbrush in this fee at cost because he considers its use vital. He advises clients to dip the toothbrush in garlic salt and water, then allow the pet to chew on the brush until the animal becomes accustomed to the feel. He instructs his clients to then dip the toothbrush in the tooth cleanser instead. To delay the time between prophys, the doctor recommends that clients pay close attention to the upper arcades.

Dr. Sink estimates that after explaining periodontal disease and recommending a prophy, 80 percent of his clients walk to the front desk to schedule dental appointments. Overall, 60 percent of his clientele comply with annual cleaning appointments for their pets.

"I believe dental care is a vital service to my clients," he says. "One day an older rancher, easily worth $1 million, who formerly wouldn't have considered small animal veterinary care, spent $175 for dentistry on his barn cat.

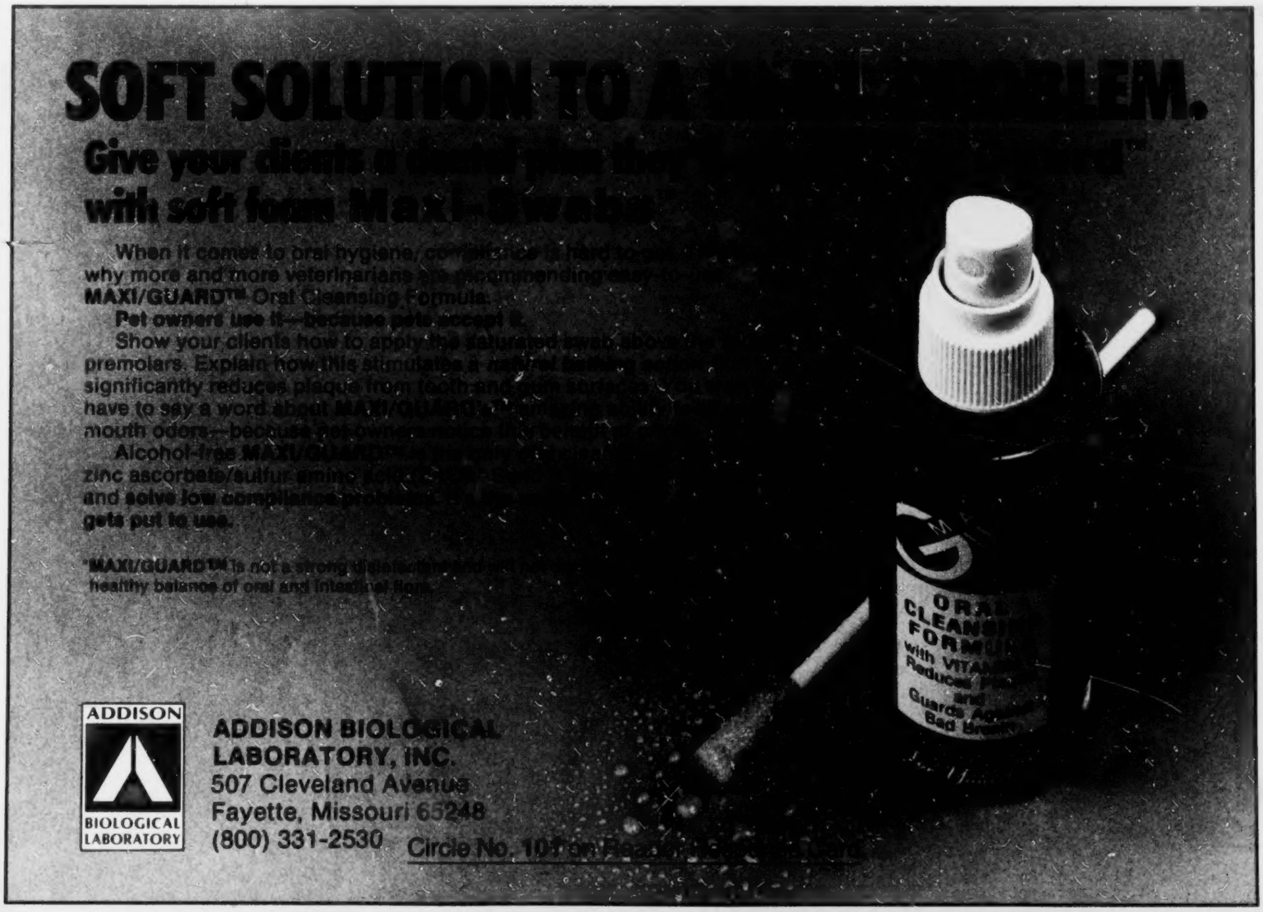
"If I can provide that type of service in Cheyenne, Wyo., I guarantee you can do the same in Chicago. If you don't have the money for equipment, pull out the charge card, go after it, and have some fun."

tion, but we are doing so many more dentals now," he says. He estimates that dentistry accounted for $25,000 of practice gross in 1989. Relying on technicians to perform routine prophys keeps the price of a dental affordable for clients, he says.

Lecturing to the local VMA and breeders, the doctor mails a quarterly newsletter to 4,000 clients and offers dental seminars. "With only 25 people in attendance, the seminars don't pay for themselves in direct dollar return," Dr. Coshun says, "but they give the doctors a chance to chat with clients outside the exam-room setting. Whether clients choose to attend, they do speak highly of 'the group that gives seminars.' "

Dr. Coshun has been working in veterinary medicine since he was hired to answer the phone after hours when he was in the seventh grade. Inspired as a "little shaver" by his grandfather, he remembers watching the older doctor carefully remove his coat and tie to don a rubber sleeveguard, then clean cows barehanded. What would his grandfather say if he could see his grandson fashioning a crown for a dog? Dr. Coshun is convinced his grandfather's response would be, "More power to you for doing animals this service."

The doctors interviewed for this article and for the survey report that the depth of your involvement in veterinary dentistry is individual, but the medical benefits to patients and the profit margin for practices is universal. ■



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HOW MUCH SHOULD I PAY MY ASSOCIATES?

Dr. Ross Clark answers the question he hears most often.

Plus, a special roundtable on staff compensation.

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MEMO FROM THE EDITOR

Sharing the burdens and the opportunities

Dr. Ross Clark fields a lot of management questions, but none more often than "how much should I pay my associates?" There are, of course, variations—most notably, "how much should I *be* paid," a query foremost in the minds of debt-burdened graduates. By answering these questions, Dr. Clark risks alienating everybody: employers expecting to justify the salaries they pay; employees expecting clear-cut evidence that they should earn more.

Of course, expecting a payment formula to please everybody is unrealistic, to put it mildly. In any business, there will inevitably be struggles between those who think they are paying too much and those who think they are being paid too little. In Dr. Clark's compensation strategy, however, there is an escape hatch designed to make *everybody* happy: a bonus incentive plan based on individual production. Associates are guaranteed a base salary, yet they also are guaranteed to make more for themselves *if* they make more for the practice.

Incentive-based pay is not unanimously accepted as a good idea, as you will see in the roundtable discussion that follows Dr. Clark's article. Yet I think you will also begin to see the interesting advantages posed by a payment system that shares both the burden *and* the opportunity of practice growth. An associate veterinarian recently told me that working for incentive-based pay gave her invaluable insights on how a practice looks from an owner's point of view. In every client transaction, she saw not only more (or less) money for her boss, but her own livelihood. I can't help but think that the inevitable struggles over pay would subside if the employer and employee spent more time on the same side of the table. What do you think?

Becky Turner

Rebecca R. Turner

veterinary economics

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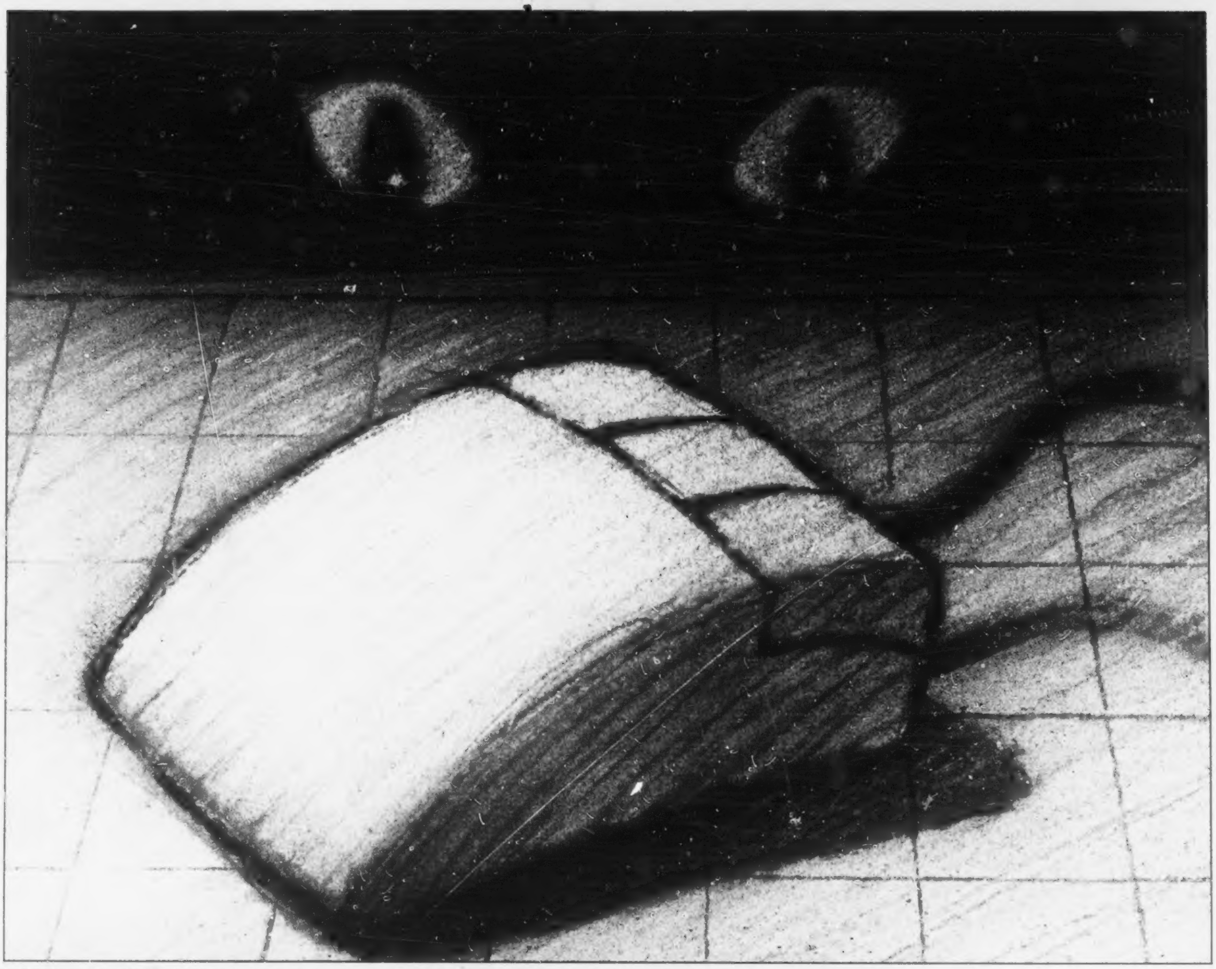


KEEPING A WATCHFUL EYE ON COMPUTERS

We asked your colleagues what they like—and don't like—about their computer systems. More than 250 pounced on the opportunity to share the highs and lows of computer ownership.

By John Lofflin

"Oh wicked wit and gifts, that have the power so to seduce!"
–William Shakespeare

Shakespeare, it seems, had something to say of the love/hate relationship today's veterinarians have with their computers. The "seductive power" of these machines comes ringing through the responses of some 250 of your computer-owning colleagues, all of whom answered a poll that was conducted in the January issue of VETERINARY ECONOMICS. When an earlier survey revealed that almost 50 percent of all veterinarians own a computer, the time seemed ripe to ask if computer owners are actually *happy* with this technology.

A statistical accounting of the responses we received begins on page 51, but the numbers don't tell the whole story: In the comments practitioners wrote throughout the survey, and in attached letters and notes, they reveal that the computer is a seductress of astonishing power in the veterinary clinic. Their comments also reveal that they have been reluctant, weary, sometimes-defeated suitors who sing the praises of their software as often as they curse it. ▶

THE AUTHOR, a contributor to THE NEW YORK TIMES, teaches journalism at Park College, in Parkville, Mo.

Let's talk money first

Contributing financial editor Owen McCafferty, CPA, advises veterinarians *not* to buy a piece of equipment if they can't make money with it. We asked the poll respondents if their computers paid their own way. The response? A resounding "yes!" Three of every four veterinarians who responded say that their computers have earned their own keep; 9 percent say it's too early to tell.

Veterinarians also report that they are purchasing increasingly expensive systems and software. No longer satisfied to have a computer simply to sort and write reminders, many doctors told us that they've purchased multiple systems and set them talking to each other. Those who aren't networking have single units throughout the hospital.

The practitioners who praised their systems cited their computers' ability to generate reminders, keep better track of fees and inventory, and make the practice—and its employees—more efficient. Those who criticized the systems find them to be more work than they had anticipated or less reliable than they had hoped. Consider these responses from among those who are pleased:

- We went from $4,500 down the year before we bought the computer to $21,000 up the first year, $16,000 up the second year, and $18,000 up the third year.
- Our computer paid for itself in four months.
- Our gross went up 20 percent immediately.
- Our average charge per client visit went from $40 to $50.
- The computer has paid for itself three or four times over.
- Our system saves me about six employee hours per day.
- Just on fee schedules and estimates, the computer created a $40,000 increase per year.
- Even after only seven months, the time it has saved on daily/monthly reports and reminders is well worth the investment.

"The time savings is incredible," one South Carolina veterinarian wrote. "The computer takes about seven minutes to check each patient and make a file to be printed for all procedures due. Add about 10 minutes for it to print up to 250 reminders." The doctor added that a colleague used a computer to send new vaccine notices to all of his cat owners, and "the income generated from that one mailing more than paid for his investment."

TRACKING LOST CHARGES

Lost charges plague most veterinarians, but nearly nine of 10 practitioners say their computers help them stick to fee schedules. One poll respondent said that his average client fee has doubled since he began keeping track of it by computer. Another practitioner wrote, "by stopping lost charges, the practice gross income increased from $230,000 annually to $310,000." According to a Texas small animal practitioner, "taking the fee charges away from the veterinarian is worth the cost alone!"

An Idaho veterinarian made his position clear: "I would not return to a BC (Before Computer) practice." Another agreed: "We could not practice without it." Although the computer has not paid for itself in one Massachusetts small animal practice, the doctor wrote, "It has made life much easier, and for that reason it has been worth the luxury."

Others are not so enamored with the earning power of their computers. A typical response from those with complaints: "It takes more time for data entry than it saves in reminders, and one must modify the practice to an inflexible computer rather than vice versa."

Those struggling with their computers had few positive remarks: "Reports are difficult to obtain, the reminder system is poor, and the support is questionable." Another doctor wrote, "One type of work has been replaced with another." One who is pleased overall with his system offered this caveat: "It does what I wanted, but when it goes down, it is a disaster. It is not as flexible a system as I had hoped for."

A New York practitioner wrote, "It probably took five years to pay for itself, and that's the useful life of our central processing unit." A North Carolina practitioner

THE STATS ON COMPUTER SATISFACTION

In the January 1990 issue of VETERINARY ECONOMICS, we asked you and your colleagues to let us know how happy you are with your computer systems. More than 250 practitioners responded. Their statistical answers are plotted in the graphs below and on the following pages. The numbers, however, tell only part of the story. Your colleague's comments—scribbled in the margins and presented in long, eloquent letters—are reported in the accompanying article.

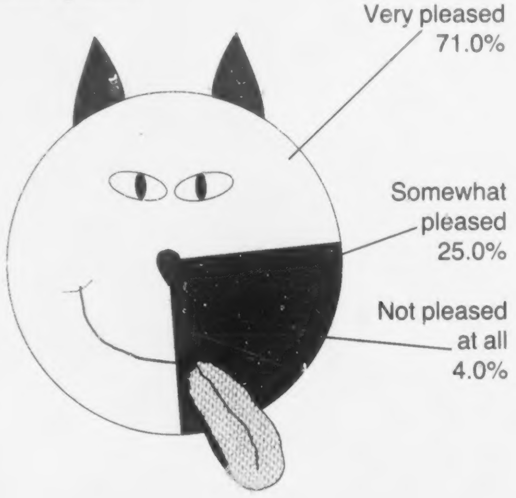
- In what year did you purchase your current computer system?

	% response
1980	0.4
1981	0
1982	1.6
1983	2.4
1984	5.6
1985	8.0
1986	13.6
1987	14.4
1988	23.2
1989	29.2
No answer	1.6

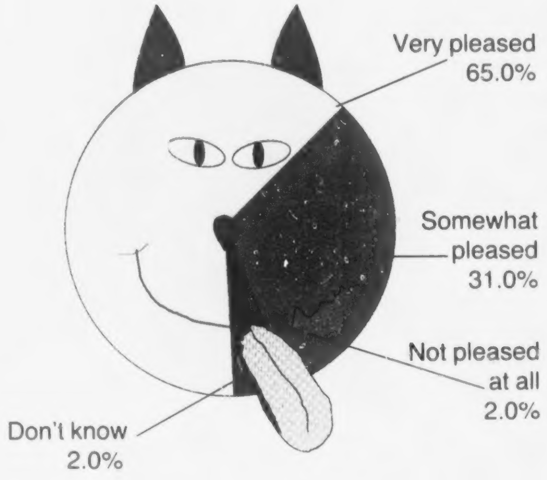
- Did your practice own a computer prior to the one you have now?

Yes	20.8%
No	77.6%
No answer	1.6%

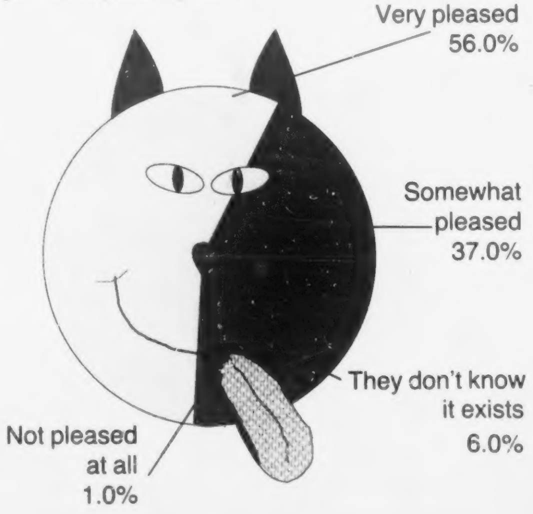
- In general, how pleased are *you* with your computer system?



- In general, how pleased are *your employees* with your computer system?



- In general, how pleased are *your clients* with your computer system?



snapped, "We lost $25,000, out the window." His system was purchased in 1986 and "turned off" in 1987.

What did you expect?

Although the percentages look strong for how well computer systems meet their new owners' expectations, more than a few doctors took the time to register complaints. In fact, nearly two of every five practitioners who responded said that their computers have fallen short of the goals they set for them. From among the poll respondents' comments:

- Software just doesn't do everything we need it to, although it has helped our business.
- I have not been able to perform several tasks the system was supposed to perform.
- I would like to see more updates and details.
- It exceeded in targeting clients and marketing. It has fallen short where it is labor-intensive and where training is concerned.
- It does what we wanted it to do, but not as fast or as easily as we thought.
- It has taken longer to get everything on-line than I expected. I need more capacity and faster hardware than I anticipated.
- It is difficult for me to understand the software program and to use it.

Not all of the responses were negative. A New York mixed animal practitioner put it simply: "It does more than I dreamed possible." Another described his system as "more versatile and powerful than originally anticipated."

"I had no idea how efficient it would be," one South Carolina practitioner wrote. "The time we used to take to reference the card in the file is enough time to find the patient record on the computer and have that patient on the examination table."

Same system, different response

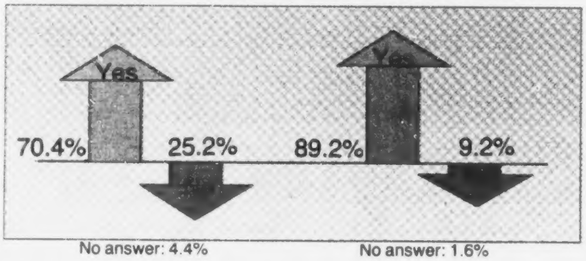
We asked the respondents to indicate which computer system they use, and their answers included all of the major systems in the market, plus a wide variety of oth-

DOES YOUR COMPUTER DO ITS JOB?

According to Owen McCafferty, contributing financial editor, "In a veterinary practice, profit is generated through greater volume, price-rate increases, adherence to fee schedules, or increased staffing efficiency that results in lower operational costs. If you computerize, the computer *must* earn its way through a combination of these factors." The majority of our poll respondents give their computers high marks in each of these areas:

Does your computer contribute to:

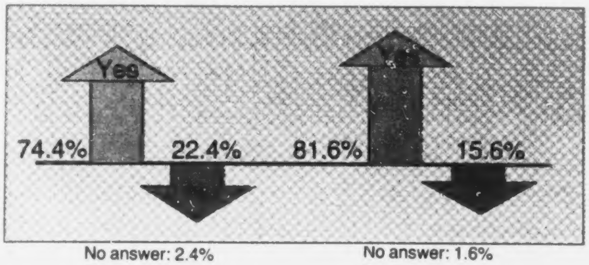
- Increased practice volume?
- Your adherence to fee schedules?



No answer: 4.4%

No answer: 1.6%

- Systematic price-rate increases?
- The efficiency of your staff?



No answer: 2.4%
Don't know: 0.8%

No answer: 1.6%
Don't know: 1.2%

er providers as well. In a system-by-system comparison, we encountered a wide variety of responses. For example, a New York doctor said of his computer system, "It was easier to institute and work with than I anticipated." A Virginia user of the same system said it was poorly designed and "a real headache."

In another case, a respondent said his software "just doesn't do everything we need it to." A colleague using the same system wrote, "We have few complaints and we expected a lot." The user of a third system said, "It is very easy to work with"; a colleague using the same system wrote that "the manuals are poor and it works only because we spent a great deal of time and money making it work."

For a truly mixed bag of results, consider these comments, all about the same computer system:

- From a Virginia mixed animal practitioner: "Inventory control was much easier."
- From an East Coast small animal practitioner: "We're always finding problems that are not easily solved."
- From a Georgia mixed animal practitioner: "It does more useful things than anticipated."
- From a New York small animal practitioner: "Updates allow us to do things we didn't even think of two to three years ago."
- From a Michigan equine practitioner: "I dislike a program making decisions for me."

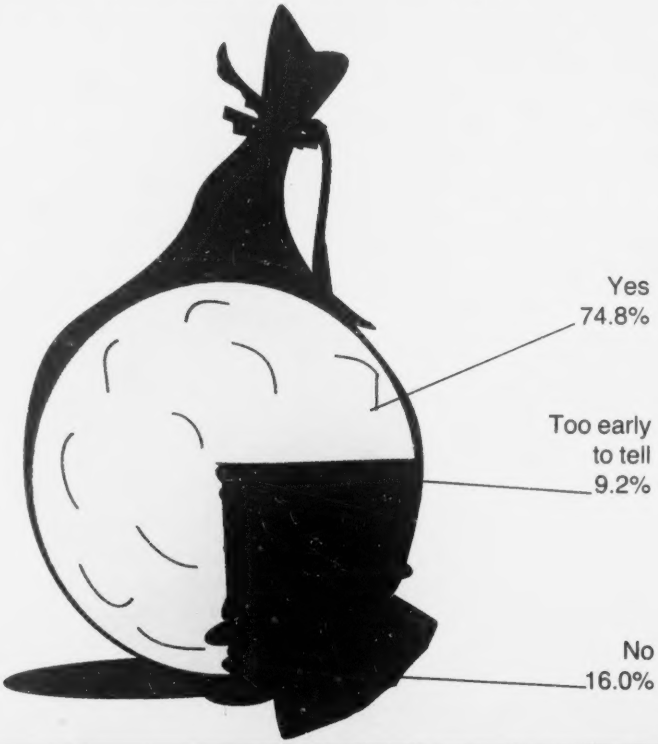
Many other practitioners said they appreciate the decision-making information their computers provide. Several, in fact, indicated that their computers have made it possible to isolate the most profitable areas of their practices. For example: "I have a much better idea at any given time where my practice stands financially." Another veterinarian wrote, "my computer facilitates market analysis, compiles statistics, and provides practice analysis."

At your service?

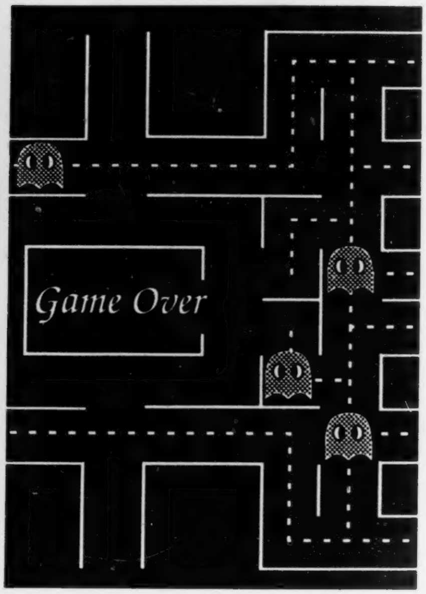
Although many veterinarians are pleased with the service they receive from their vendor, nearly one in four respondents said that the service falls short of their expectations. As before, the com-

MONEY BAGS

Owen McCafferty, CPA, says that "*any* acquisition within your practice must be based on the potential return on your investment. Don't buy a piece of equipment if you don't expect to make more money with it." We asked the computer owners, "Have you realized a return on your initial investment?" Their response:



Don't Get Lost in a Computer Maze!



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ments vary widely, even when the same system is discussed. For example, a Virginia small animal practitioner wrote: "I didn't get instruction material for eight months despite repeated calls." But a Michigan veterinarian who owns the same system wrote, "When you call, you get an immediate answer—not an answering system with a callback."

In another instance, a mixed animal practitioner in Minnesota wrote, "the telephone support attitude is degenerating," while a New York owner of the same system raved, "They bend over backwards to help us get up and running and solve any problems or questions we have."

According to the respondents, support problems center on several key areas. For example, many doctors are annoyed about the difficulty they have reaching vendors for help. A Michigan practitioner wrote, "Major problems were cleared up quickly; however, response time for small (but annoying) problems is too slow." A Cincinnati, Ohio, doctor said he's giving up on the vendor completely. "We do no business with them at all now—we had very poor service all along."

Among the other service areas that drew complaint: shipping costs for hardware repair, lack of documentation, and poor operating manuals. "The manual stinks!" one doctor wrote.

Another point of practitioner ire: program updates. More than a few veterinarians have been promised updates that have yet to arrive. "Support has been a farce. Promised updates have never taken place," wrote a Florida small animal practitioner.

To be sure, many practitioners praised the service they've received. One practitioner said his system has exceeded expectations "because of the vendor's continuous updates and terrific support." Among the other positive comments from respondents, about a variety of vendors:

- We had high expectations of our vendor, and so far, we've been pleased with the results.
- They cannot be beaten in the area of software support.
- They were available at 9 p.m. one night, and they helped us resolve our problem right then.
- They are there when you need them.

I wish my computer would. . .

Although some respondents wanted the world when asked what they *wish* their computers could do (see the box on page 57), others took a more serious approach. Some told us they wish they could learn how to use more of the available functions. Others wished for more flexibility, compatibility, and speed.

Many doctors would like for their computers to do things *their* way. For example, they want their systems to:

- generate more reports tailored to my practice
- align itself more with my CPA's needs
- track inventory purchases —not just sales

- search for married clients who have two names
- take what I put into the histories and translate it into transactions for invoicing
- give me a weekly comparison of vendors' prices
- reproduce our local rabies certificate
- create a list of patients to check on in two or three days.

Other practitioners wish their systems would be more friendly with others. In particular, they want hardware and software that can use commercial word processors, data bases, and spread sheets. They also want machines with "window capabilities," which allow two programs to run at once. Many of those who don't have networking capabilities said they wish they had.

Words of wisdom

When asked what advice they have for their colleagues, many of the computer-owners said the same thing: Choose your computer carefully. One doctor suggested taking "time to assess practice goals first, because a computer will add complexity and overhead to your practice and create the need for major staff adjustment."

Most practitioners emphasized the need for good research before purchasing a computer, and many suggested observing a system firsthand—and in use by a veterinarian. "View the system you want to buy with a practitioner using the system," one suggested.

A New York small animal practitioner suggested this route: "Narrow the search to two or three programs, then pick the one that suits your practice. But don't waste time dreaming. Just do it." A Texas small animal doctor recommended a more patient timeframe. "Spend a year looking," he wrote, "and talk with those who've been on-line a long time."

Others said to involve your receptionist in the decision. "Look at a number of installed computer systems—at least two or three," one retired practitioner wrote. "Then send your receptionist to visit one." A San Jose, Calif., veterinarian suggested that you "see it in action at another hospital and talk to the receptionist who uses it most. Be sure to ask her, 'How much down time?' "

"See how the system runs with *you* at the controls, not a system demonstration by a representative," one practitioner cautioned. "Check out all the available systems, write down lots of questions. Make comparison lists and don't be in a hurry. Expensive does not always mean best, but a few extra dollars now can save you a lot to time and heartache and troubles later."

"Look, look, look, and don't ex-

THE WIT AND WISDOM OF COMPUTER OWNERS

We asked the poll respondents for a "wish list" of computer functions and received many serious, thoughtful replies. We also received the following:

I wish my computer would . . .

- multiply itself so I could keep one on every desk in the hospital.
- work hassle-free.
- run itself.
- copy, fax, and cut the grass.
- refuse to malfunction.
- make all clients pay cash.
- make my receptionist/bookkeeper happy.
- enter its own data.
- not self-destruct.
- make farm calls.
- cost less.
- run for an entire month without calling the service person.
- make night calls.
- eliminate all the veterinary practices within a five-mile radius.
- run the practice completely so I could get a little more time off. Unfortunately, it didn't come with appendages to shake hands, do surgery, or draw up a syringe.
- print money.

pect miracles," a New York practitioner said. Another doctor was more anxious: "Do it as quickly as possible." A Louisiana mixed animal doctor simply wrote, "Good luck. It's a crap shoot."

Many practitioners emphasized the need for a willing staff. "The professional staff must be committed to becoming computer-proficient. Delegating the computer operations to the lay staff is a mistake on several counts. Once minimal proficiency is attained by the professional staff, they will find that they can access the data quicker and more accurately than by requesting support staff to get it for them. To make this a reality, one must have multiple access points throughout the hospital."

DID YOU GET WHAT YOU EXPECTED?

When asked to comment on how well their computer systems and vendors met their expectations, the respondents gave the following replies:

Has your system/vendor:	System	Vendor*
Exceeded expectations	31.2%	26.8%
Met your expectations	50.4%	48.4%
Fallen short of your expectations	18.4%	23.2%

*No response: 1.6%

STARTING FROM SCRATCH

Finally, we asked the respondents what they'd do if they started over. The majority of the computer owners are pleased with their computers, and most would purchase the same system again. Only 2 percent would forget about computers altogether, strong indication that these technological wonders are here to stay.

If you had to do it all over again, would you:

Purchase the same system	72.0% *
Purchase another system	14.4%
Do more research before buying	13.2%
Not buy a computer at all	2.0%
Don't know	0.4%
No answer	0.4%

*Exceeds 100% due to multiple responses.

A New York dairy practitioner recommended learning about computers at home. "Buy a home computer, a good spread sheet and word processor, and learn why they are so important," he wrote. "Buy a business computer after you learn something and use a data base system for yourself."

"Two things will happen if the doctor is not interested in learning all about the program so that he or she understands it as well as anyone in the practice," warned one veterinarian. "First, it will not be used to its capacity. Second, if you depend on a staff member for computer knowledge, there will be unfair leverage exercised."

"Be prepared emotionally because your practice becomes very disorganized for one to two weeks after you computerize," one practitioner said. "Be patient," wrote another, "It takes a long time to get everything into the computer system." An Arizona doctor wrote, "Be sure your office is organized and efficient currently. Do not expect the computer to do that for you."

How do you place computers in perspective for *your* practice? Consider these comments from two of your colleagues. One wrote, "A computer will benefit all your clients, your patients, and your staff. No other piece of equipment will do that. Don't cut corners on your computer system!"

Another stated, simply, "The longer you wait, the farther I get ahead of you." ■

Letters fuel the humane society debate

Plan now to cut your 1990 taxes

Are there bad apples in your employee barrel?

veterinary economics

BETHESDA MD 20814

THE DAILY GAZETTE

SEPTEMBER 1, 1990

VOL. 1 NO. 1

★★★EXTRA! EXTRA!★★★

LATEST VETERINARY EARNINGS REVEALED

New nationwide survey reports 1989 income of all practitioner types

Small animal DVMs outpace their colleagues in earnings race

MID-EASTERN STATES LEAD THE WAY IN REGION-BY-REGION COMPARISONS

Working longer hours doesn't lead to higher income

LENEXA, Kan.–Veterinarians who put in more than 40 hours a week report smaller paychecks that those who work 31 to 40 hours a week, according to the latest survey figures from VETERINARY ECONOMICS magazine.

Veterinary practitioners who work 31 to 40 hours per week take home an annual mean net income of $57,700. On the other end of the scale, those who work more than 70 hours per week produce a mean net income of $45,600.

Small animal practitioners devote an average 48.9 hours per week to their practices; those in large animal practice spend 56.6 hours per week; mixed animal doctors, 59.0 hours per week; and equine practitioners, 60.3 hours per week.

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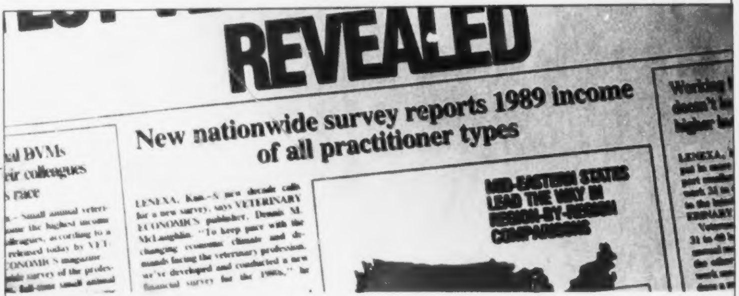
SEPTEMBER 1990



REVEALED

New nationwide survey reports 1989 income of all practitioner types

LENEXA, Kan.—A new decade calls for a new survey, says VETERINARY ECONOMICS publisher, Dennis M. McLaughlin. "To keep pace with the changing economic climate and demands facing the veterinary profession, we've developed and conducted a new financial survey for the 1990s," he

MID-EASTERN STATES LEAD THE WAY IN REGION-BY-REGION COMPARISONS

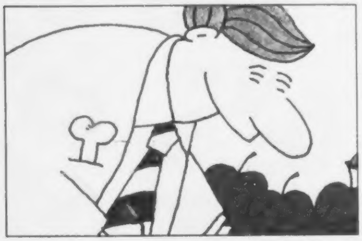
34 SPECIAL REPORT

Letters fuel the humane society debate

Emotions run high when the subject turns to humane society hospitals. Response to our June cover story was swift, thoughtful, and a clear indication that the problem is not easily solved.

58 PERSONNEL

Can you spot the bad apples in your employee barrel?



The author says that an employee's basic motivation for working in your practice indicates how much and how well that person will do. Use these guidelines to classify who is working for you—and *why*. Part one of two.

44 COVER STORY, PART 1

A new decade, a new data base

Beginning with our 1990 financial survey, which reports 1989 earnings, we start an all-new data base for the profession. Throughout the 1990s, we will compile financial reports that provide you with the information you need to assess your business status and to make management decisions accordingly.

48 COVER STORY, PART 2

On the road to higher incomes: Quality comes first

These leading veterinarians agree: Quality medicine and service will take top priority this decade. That means new demands for you, including developing a unique market niche, charging your worth, and improving your staff.

68 START-UPS

Are your ready to buy a shopping-center practice?

Last month we discussed how to start a practice from scratch in a strip center. Here, the authors explain what to consider if you plan to buy (or to sell) an existing leasehold practice.

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Persistence and ingenuity pay off in Memphis

Dr. Sally Beaumont battled local bankers for the financing to build her full-service hospital. But her patience and creativity helped her win in the end—and in hospital design.

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This practitioner urges the profession to tell the truth to aspiring veterinarians.

MEMO FROM THE EDITOR

Keeping up with the Joneses

I had lunch a couple of months ago with Dr. D.L. Salsbury, who apparently caused quite an uproar with the client-service articles he wrote for VETERINARY ECONOMICS in the late '70s. I can tell from those articles that he didn't mince words then, and he certainly doesn't now: In discussing the management woes facing practitioners, he said, "You have to remember that the one thing they *don't* teach you in veterinary school is that when you graduate, you are responsible for signing your own paychecks."

The amount of those paychecks is revealed in this issue, with our annual presentation of veterinary earnings. I suspect that your first inclination will be to compare yourself to others—which is fine, because the survey is designed to be a barometer of the profession. But I encourage you to read the accompanying roundtable as well, and to give some serious thought to the current economic trends presented by the various participants. Why? Because more important than comparing yourself to each other is the need to compare yourself to *your clients*—do your services meet their needs and desires? Is your practice keeping up with the Joneses?

In 1977, Dr. Salsbury wrote, "Practically everything in animal agriculture has changed, *except* the veterinarian and his philosophy . . . Our primary problem is that we stubbornly refuse to accept or admit that our economic market is none other than the services dictated by client demands." Dr. Richard Thomes points out in 1990: "Veterinarians are realizing they must know what their clients want. Asking clients for input about your practice will help lead the practice where you want it to go . . . We've got to work with each client and offer them the best, because if we don't, someone else will. It's up to us to lead the profession into an age where a consistent client is our gold mine."

If you don't know what your clients want, then it's time to find out. Don't be caught with your head in the sand—or your income at the bottom of our charts.

Becky Turner

Rebecca R. Turner

veterinary economics

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A Medical Economics Publication

A NEW DECADE, A NEW DATA BASE

Beginning with our 1990 financial survey, which reports 1989 earnings figures, we start an all-new data base for the veterinary profession. Throughout the 1990s, we will collect and compile financial reports designed to provide you and your colleagues with the information you need to assess your business status and to make management decisions accordingly.

Collecting financial data on the veterinary profession is nothing new at VETERINARY ECONOMICS. In fact, we've been doing it since 1983. In the last seven years, we've provided a yearly accounting of who makes what, who charges what, and who spends what. In doing so, we've provided veterinarians with a look at how they are doing as a profession and in relation to their colleagues.

What, then, is so different about this year? Three things. Our survey is now being conducted and compiled by Signet Research Inc., a Cliffside, N.J. company recently proclaimed by MAGAZINEWEEK "a shining leader in the marketing research business." The second change is the decision to report *mean* income figures rather than *median* income figures. (The difference is explained below.)

Finally, prior to mailing the survey, we combed through last year's questions and, with Signet's help, revised and updated the poll to make it more complete and easier to answer. In May, we mailed questionnaires to 2,000 veterinarians—a stratified random sampling from our circulation list—representing every practice type: small animal, large animal, mixed animal, and equine.

By the July 10 closing date, returns totaled 988—a 51-percent response rate. After discarding returns with apparent discrepancies or incomplete responses, and those from veterinarians who were not practicing full-time, the working sample consisted of 878 returns. Seventy-seven percent of the respondents were male. The people at Signet tell us that the survey results can be accepted as accurate to within ±4 percent, at a 95-percent confidence level.

To maintain the accuracy of the survey, our report contains only those figures that represent the responses of *at least* 50 veterinarians. When the base falls below that number, we report no figures at all. In this and all other areas, this survey conforms to generally accepted standards of professional research for mail surveys.

On averages

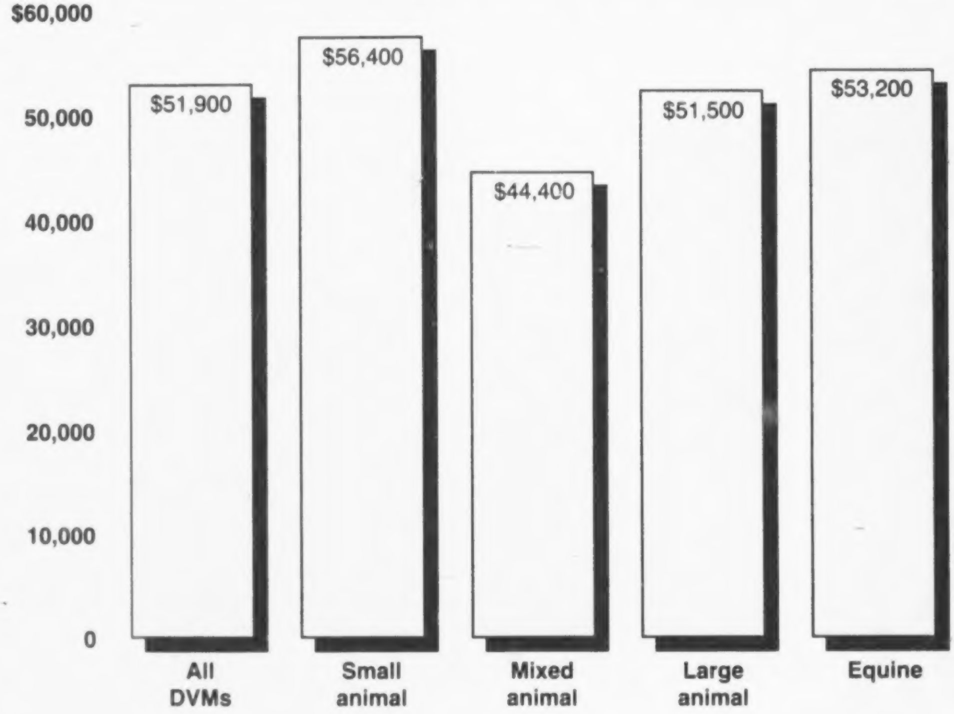
In past years, we've reported the *median* results in every category. The median is computed by finding the value that lies precisely between the highest and lowest values. Last year, for example, we reported that the 1988 median net income for all practicing veterinarians was $41,700. This figure represented the middle income figure of all the responses we received; in other words, half of the veterinarians in the country earned more than $41,700; half earned less.

This year, we are reporting *mean*, or average, income figures, which are calculated by adding together all of the income figures we received, and dividing by the number of responses. For example, the 1989 *mean* net income for all practicing veterinarians was $51,900. The *median* net income was $43,000.

As you can see, the higher numbers this year should not be read as a significant jump from last year. They are simply a different presentation of the survey data, and, as such, cannot be compared to last year's results. *Next* year, however, the comparisons will begin anew, with 1990 mean income figures compared to those of 1989.

Now, for this year's findings, plus a roundtable discussion on the trends likely to affect veterinary income in the 1990s, please turn the page! ▶

SMALL ANIMAL DOCTORS OUTPACE THEIR COLLEAGUES IN 1989 MEAN NET INCOME



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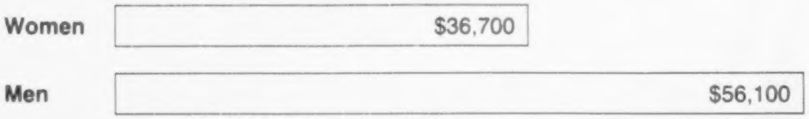
WOMEN DVMs' 1989 NET INCOME OFF THE PACE

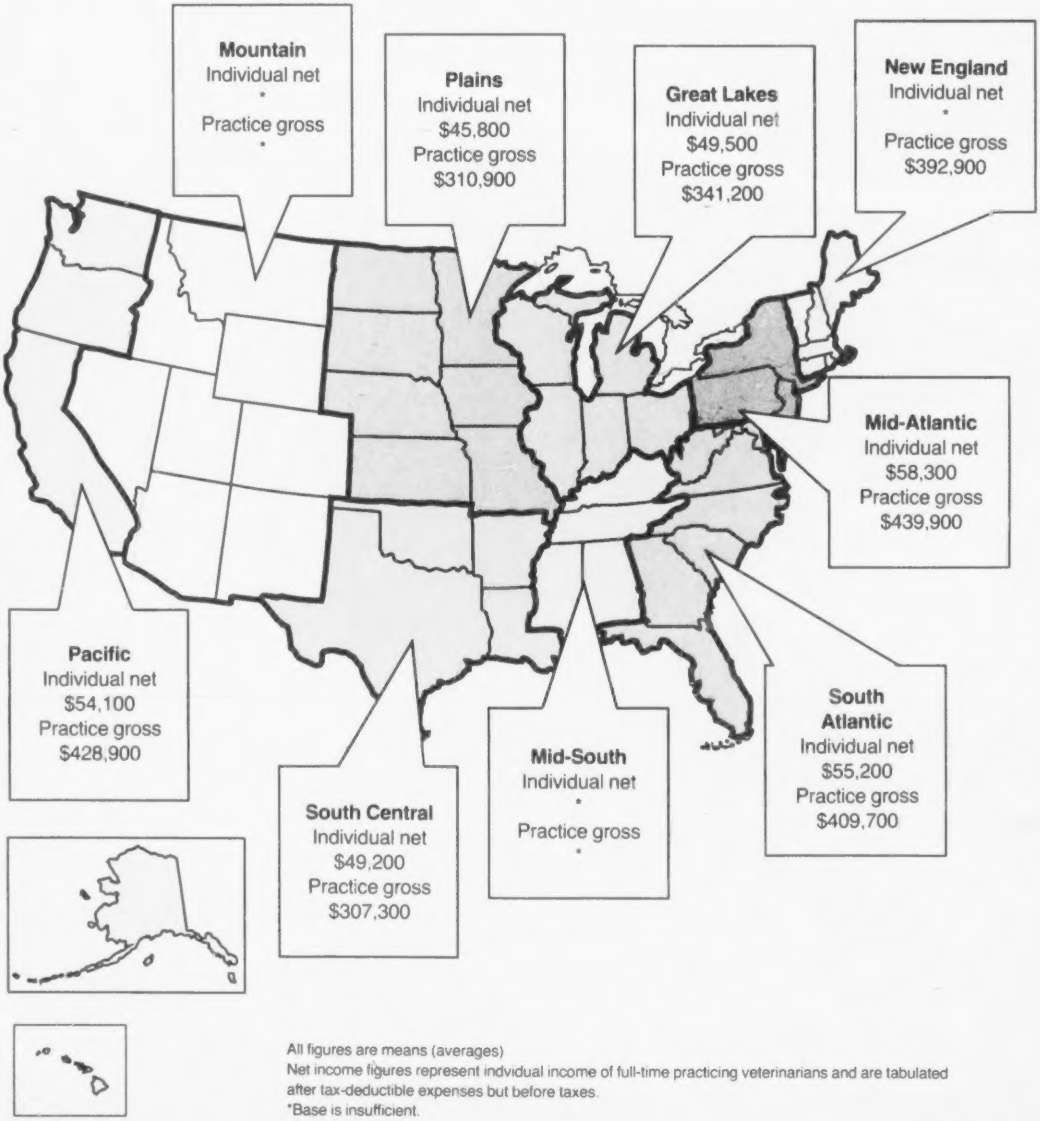


A NOTE ON NET Net income is obtained via the following question: "Which of the following ranges best describes your 1989 net income from practice earnings (after tax deductible expenses but before income taxes). Please include only your take-home compensation. Do not include profits you reinvest in the practice."

All figures are means (averages).

MID-ATLANTIC STATES LEAD THE WAY IN PRACTICE GROSS AND TAKE-HOME PAY

The chart below provides a regional look at two distinct and unrelated figures: average *individual* net income, and average *total practice* gross. Note that categories with asterisks indicate that fewer than 50 veterinarians in that region responded to the question. Practitioners in those regions are advised to consult the practice-type figures on the opposite and following pages.


Mountain
Individual net
*
Practice gross
*
Plains
Individual net
$45,800
Practice gross
$310,900
Great Lakes
Individual net
$49,500
Practice gross
$341,200
New England
Individual net
*
Practice gross
$392,900
Mid-Atlantic
Individual net
$58,300
Practice gross
$439,900
Pacific
Individual net
$54,100
Practice gross
$428,900
South Central
Individual net
$49,200
Practice gross
$307,300
Mid-South
Individual net
*
Practice gross
*
South Atlantic
Individual net
$55,200
Practice gross
$409,700

All figures are means (averages)
Net income figures represent indvidual income of full-time practicing veterinarians and are tabulated after tax-deductible expenses but before taxes.
*Base is insufficient.

ON THE ROAD TO HIGHER INCOMES: QUALITY COMES FIRST

These leading veterinarians agree: Quality medicine and service will take top priority this decade. That means new demands for you, including developing a unique market niche, charging your worth, and improving your staff.

A special VETERINARY ECONOMICS roundtable

Nine of your colleagues met last February at the Western States Veterinary Conference in Las Vegas. Among the topics they discussed: Trends affecting the profession as it moves into the 1990s. These trends are likely to sway your earnings—for the better, if you're ready; for the worse if you're not. To give you more insight into where earnings stand now, we've also included statistics from our financial survey. Practice management editor Dr. Ross Clark moderated the following discussion.

Dr. Clark: What trends—in management or marketing—are becoming evident in the profession?

Dr. Richard Thomes, small animal practitioner, Irving, Texas: In management, I'd say we're seeing more hospital administrators. I think this decade's number-one need on the professional front is for well-trained individuals to come into larger practices and truly administer them. I mean totally—veterinarians and paraprofessional staff.

In our market area, I foresee a major loss of income from vaccinations, spays, and neuters. That's because of the new mobile clinics that have been set up to offer these services at low cost. In our area, they come in every Saturday. We've got them in our pharmacies and grocery stores. Plus, you can get prescription drugs from these mobile units.

I think practices that depend primarily on vaccinations or the services that go along with vaccinations are really going to be hurt. What we've got to focus on is offering the best service to each and every client and on not making judgments for the client. Let the *client* decide what level of care he or she wants for the pet.

Recognizing this, I think we've got to look at staff enhancement. You've got to pay your people well; I believe such a philosophy works well in our practice. We have a varying scale, and we try to measure the intangibles as well as the tangibles. We have one veterinarian on staff now who spends half his time making sure we are offering each client the best service, following up with them, and documenting everything properly. He's getting $30 an hour, and he's got to devote a minimum of 20 hours a week doing these functions. The key is, I think we've got to work with each client and offer them the best; if we don't, someone else will. It's up to us to lead the rest of the profession into an age where a consistent client base is our gold mine.

Dr. Thomas E. Catanzaro, Hospital Services Director for the American Animal Hospital Association (AAHA), Denver, Colo.: We're all aware that there is the quantity practice at one end of the scale and the quality practice at the other end. When I got out of school, most everyone was in the middle trying to do all things for all people. You need to work within your own comfort zone in the 1990s—to carve your market niche. There are enough people out there—we don't need everybody in town. I know of a three-doctor practice that employs a neurologist two days a week, and the appointment log is filled. How do you do that? You carve that niche; you become known for that specialty. You do the usual in the unusual way, or do the unusual as if it were usual. And you share that with clients.

We're going to see, during the 1990s, a market segmentation in most of the urban areas based on different philosophies of practice. In rural areas, we still see new competition affecting the catchment area. Let's say a new practice comes in and the new veterinarian says, "Tell me what your spay prices are and I'll go $5 higher so I don't compete with any of you." That one move draws in a higher level of clients, and he doesn't have to work as hard. Instead of having spays as a loss leader, which is a misnomer in

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SURVEY RESULTS

WHAT'S YOUR STATUS?

Partnership has its rewards. The figures below reflect take-home compensation only. They don't include any profits reinvested in the practice.

Business status	Net income
Partner in multidoctor practice	$59,400
Solo practitioner	$54,100
Employed veterinarian	$33,300

All figures are 1989 means (averages).
Net income figures represent individual income of full-time practicing veterinarians and are tabulated after tax-deductible expenses but before taxes.

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SMALL ANIMAL PRACTICES MOST LUCRATIVE

The figures below specify *total* practice gross income. The average number of veterinarians per practice is 2.7.

All DVMs	$363,700
Small animal	$395,600
Mixed animal	$319,300
Large animal	$351,600
Equine	$327,900

All figures are 1989 means (averages).

veterinary medicine because we don't do K-mart blue-light specials, he's making the *natural* search, and the procedure pays for itself. We see it over and over again.

In a place like Colorado—with no heartworms, no fleas, no internal parasites—how do you practice? The idea is that you practice quality medicine. You carve your niche—and there it is. We're going to see that if clients are confident with their veterinarians' capabilities, then they're going to bond to those practices.

Dr. Dennis McCurnin, Veterinary Teaching Hospital, Colorado State University, Fort Collins, Colo.: I think the 1990s are going to be very exciting. Veterinary medicine will continue to become more specialized, as it has during the past 10 or 15 years. I think we're going to become more specialized by species as well as by medicine. For example, a veterinarian may not be a board-certified specialist, but he or she may develop an area of special interest—say, in a particular species. Veterinarians are going to limit themselves rather than trying to do everything for everybody.

In the 1990s, the focus will be on health rather than disease. We've always treated sick animals; now we've started to move into preventive medicine. Growth areas include dentistry, in-house laboratory testing, and nutrition.

I would agree that the emphasis is going to be on quality, not quantity. We have to charge a fair fee for what we do and offer quality service. I think we have to develop incentives—otherwise we are not going to have a proper support staff, and we're not going to be able to hire veterinarians. We've given too much stuff away, and that is due to a perception we have in this profession that clients won't spend much money on their pets. If we do not change this perception, we won't be able to pay for and keep quality employees.

We can change the perception if we understand the human/animal bond and our place as veterinarians in the health-care system today. We are truly a part of that system now, because we treat pets that are considered family members. If we understand and believe that, then we can charge a proper fee and also develop an incentive system that will allow us to pay people better.

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SURVEY RESULTS

WHAT YOU MAKE—AND WHEN

Years in practice	Net income
Less than 2	$26,300
3–5	$33,600
6–10	$48,900
11–20	$61,800
More than 20	$62,300

All figures are 1989 means (averages).

Net income figures represent individual income of full-time practicing veterinarians and are tabulated after tax-deductible expenses but before taxes.

Finally, I think we'll also see more full-service hospitals, those providing boarding, grooming, nutrition, and the other services that clients want and demand today. Because many of our clients are single parents or are of multiple-wage-earner families, they have very little time. They don't want to shop four or five places. They want to go to one place. They'll go to the practice that affords that opportunity. Not only will we provide full service, we'll strive to provide service over the animal's entire lifespan, from prepurchase counseling to bereavement counseling.

Dr. Gary Johnson, small animal practitioner, Oradell, N.J.:

I think the fee structure has been the primary factor holding us back from offering the services clients want. I pay my lawyer and accountant $175 an hour. Veterinarians think they cannot charge $50 for an office consultation. We're not approaching our fee structure the way other professionals do who have less invested in both education and facilities.

If they find the finances, veterinarians are almost unlimited in the services they can offer. Twenty-four-hour nursing care is a very popular service our hospital offers, but we find that staffing these shifts with competent people is difficult and costly. Quality practice with expanded hours is a winning combination, but fees must be adequate to cover the added expense. Veterinarians will never be able to attract and keep good support staff with the salaries we have traditionally paid.

Dr. Terry Roberts, small animal practitioner, San Diego, Calif.: In California, the shopping-center practices are running into problems because strip centers change hands so often. Each time a new owner examines the center's traffic flow and finds the veterinarian lowest on the list, they'll take him out and put in a Blockbuster Video. Many of these veterinarians' leases are being reduced from 10 years to two years; some of them are on a month-to-month right now. Where are they going to go? A lot of them have been there eight to 10 years. They are not ready to retire—where are they going to go? They are not going to move into another shopping-center facility. They are going to look for a freestanding facility that will accommodate two to four veterinarians.

There is also something that's available that hasn't been mentioned. Many veterinarians are becoming involved with the American Boarding Kennels Association. What AAHA did for the practitioner, the ABKA is doing for the owner of the boarding facility. I admire their professional standards. They are doing it right, avoiding the trial-and-error method that seems to be so popular with veterinarians.

When I joined ABKA when it was founded 10 years ago, I was the only veterinarian. Now there are more than 100. I think that gives you some hard evidence of where things are going. I admire the ABKA for being so available.

Dr. Louis Hartjen, retired veterinarian, now a partner with Dr. Roberts, San Diego, Calif.: I would like to speak about shopping-center facilities again, because I am involved in leasing shopping-center space. In California, we won't write a lease for longer than three years. There's a sound reason for this, based on the economy. The economy has gone up, so the cost of the building has gone up, and so rental values have

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SURVEY RESULTS

HOW'S YOUR ACTIVE CLIENT BASE?

Net income rises with your active client base. Here, "active" clients are defined as those who have visited the practice at least once in the past two years.

Active clients	Net income
Less than 1,000	$42,300
1,000–1,999	$43,400
2,000–2,999	$45,700
3,000–3,999	$60,900
4,000 or more	$63,100

All figures are 1989 means (averages)

Net income figures represent individual income of full-time practicing veterinarians and are tabulated after tax-deductible expenses but before taxes

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SURVEY RESULTS

ARE YOU ON A TREADMILL?

Working more hours, it seems, does not guarantee a fatter bank deposit. In fact, those veterinarians who work *less* than 40 hours per week show an average net higher than those who work *more than* 40 hours.

Solo practitioners work an average of 53.6 hours a week, while partners in a multipartner practice average 53.7. Employed veterinarians work a mean of 51.9 hours per week.

Hours per week	Net income
Less than 30	*
31–40	$57,700
41–50	$49,200
51–60	$54,800
61–70	$51,500
More than 70	$45,600

All figures are 1989 means (averages).

Net income figures represent individual income of full-time practicing veterinarians and are tabulated after tax-deductible expenses but before taxes.

*Base is insufficient.

gone up much more rapidly. If you get locked into a 10-year lease with a couple of five-year options, you, as an owner of a strip center, have got a problem. We will only write options into a lease that contain fair-market-value rental adjustments. We will not go beyond three years with anything that does not have a fair-market-value adjustment. We will not write anything that does not have an annual CPI in it.

Say a young veterinarian comes into a shopping center and says "I want 10 years." Well, the lessor says "Adios." The veterinarian has got to put maybe $75,000 worth of tenant improvements in there for three years, and he's afraid he won't make enough money in three years to support that. The time when lessors really courted you and gave you 10-year leases with a couple of five-year options is gone in California.

Dr. Lawrence Zarrilli, small animal practitioner, Irvine, Calif.: As a service-oriented profession, I believe we must continually strive to meet the needs of our clients. We are seeing more and more households where both husband and wife work. We need to be sensitive to their time constraints as well as our own. Being available to our clients when they are off work is an important part of our practice growth. More practices will be extending office hours for early morning drop-offs, evening office hours, and Sunday appointments.

I also believe that client education through audiovisuals has been a very important practice builder for us. We use videotapes in each exam room and in the reception area. We need to educate the public about what veterinary medicine can offer. We also need to educate the new veterinarians coming out of school—especially in the area of business management—so they don't feel guilty about charging for their services. We have to increase our fees to the point where we can afford to pay veterinarians and our staffs what they deserve.

Another trend with hospitals is to offer as many different animal-related services for the "one-stop" convenience of the pet owners. We've already discussed boarding and grooming, which can be excellent practice builders. I also see hospitals developing their own low-cost vaccine and spay/neuter clinics to compete head-to-head with those services offered by mobile clinics, humane groups, animal shelters, pet stores, and certain individual veterinarians. Pet owners, humane groups, and city officials perceive a need for these low-cost vaccinations and spay/neuter clinics. As responsible veterinarians, we must respond to those perceived needs, and show the public that we do care.

Dr. Ronald E. Whitford, mixed animal practitioner, Clarksville, Tenn.: I believe we'll see more emphasis on services and less emphasis on merchandising. Many people are already starting to look at the net instead of gross —evaluating a percent of returns. We're going to see an increased emphasis on staff training. In fact, I recommend that for the next veterinary conference, you stay home and send your staff. I think we'll see other practitioners, consultants, whatever, brought in to work with the staff—to train the staff—because veterinarians will depend more and more on their employees for the marketing.

I also think we'll have a lot more third-party evaluation of hospitals—practitioners going in and just giving a third-party opinion because that fresh look means something. There will still be a need for consultants who do total evaluations, but there are good managers out there who don't need full evaluations. They'd just like to get some fresh input.

I think you're going to see spay/neuters become a marketing tool. And that's exactly what I recommend, because until they're in the door they'll never even have the opportunity to see what you can do. If you're going to market something or advertise, why not advertise in the form of beating the competition in spay/neuters *vs.* a billboard or a Yellow Page ad? The people you'll reach are a target market group. We know they're willing to spend *some* money on veterinary care.

The average hospital will be able to perform in-house lab testing—doing CBCs and lab profiles within the time of an office visit. All these things will bond the client to the practice. I think veterinarians will become interested in upgrading our profession, especially as young people realize that quality is the name of the game. In addition, we're going to see more referrals to people working in other parts of the pet industry—working with pet stores, groomers, and breeders. We'll learn to develop a good relationship and to help each other.

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SURVEY RESULTS

MORE TRAFFIC, MORE MONEY

As you would expect, veterinarians who see the most clients per week bring home the highest net income. Client visits include in-office visits as well as house and farm calls.

Net income	Client visits per week
Less than $30,000	75.9
$30,000–$49,000	97.4
$50,000–$69,000	113.6
More than $70,000	140.9

All figures are 1989 means (averages).

Net income figures represent individual income of full-time practicing veterinarians and are tabulated after tax-deductible expenses but before taxes.

Dr. Thomes: Two things we haven't mentioned are demographics and psychographics. I think psychographics in particular are going to be extremely important. Veterinarians are realizing they must know what their clients want. More will send out questionnaires on a weekly or biweekly basis. Asking the clients for input about your practice will help lead the practice to where you want it.

One other important service that will gain impetus is behavior counseling. I heard someone recently make the statement that 30 percent of all people who purchase new puppies don't have that puppy by the time it's a year old. Why did they get rid of it? Because of some behavior problem that its veterinarian didn't attend to and the client didn't know how to correct. That means one- third of the puppies we treat will be gone in a year. We've got to attend to those behavior problems.

We have a questionnaire in our hospital, and more than 40 percent of our clients ask about behavior problems. Have our doctors in the past focused on it? No. If a client came in with an animal that was vomiting, the doctor just attended to that problem. Now, however, we attend to the *whole* picture. If we don't have the time to ask clients about behavior problems, we refer them to a doctor on the staff who has a special interest in behavior. The client makes a subsequent appointment and comes in, gets the problem taken care of, and goes home happy.

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SURVEY RESULTS

THE VIEW FROM THE TOP

Here is a statistical profile of veterinarians who report net incomes of $70,000 or more. Of these doctors, 47.7 percent are solo practitioners; 30.4 percent are partners in a multidoctor practice; and 3.6 percent are employed veterinarians. The remaining 18.3 percent categorize themselves as "other."

Number of hours worked per week	52.3
Total number of client visits per week	140.9
Number of active clients in the practice*	4,196
Average number of years in practice	17.4
Percent who are male	89.6
Percent who are female	10.4

All figures are 1989 means (averages).

*"Active" clients are defined as those who have visited the practice at least once in two years.

Dr. Clark: I think I can sum up this discussion by saying we should take the high road and the quality road—because that's what our clients want. They want a return on their investment. That's come out over and over in this roundtable. Whether you're going to be in boarding, grooming, or veterinary medicine, quality seems to be the word of the day. And I'd say that's good news for our profession. ■

CAN YOU SPOT THE BAD APPLES IN YOUR EMPLOYEE BARREL?

The author says that an employee's basic motivation for working in your practice indicates how much and how well that person will do. Use these guidelines to classify who is working for you—and *why*. Part one of two.

By Donald R. Dooley

Most businesses have two types of employees: Those who come to work for the money and those who come to work for the work. Of course, there are many other ways to classify the people who work for you, but we'll concentrate here on *why* employees take a job.

In addition to their basic motivation, there is another major difference between the two groups described above: Those who come for the money have to be *made* to work, while those who come for the work have to be *allowed* to work. If you stand back and let your money-motivated employees work on their own, you may find that they won't. If, however, you try to *make* the work-motivated employees do their jobs, you may find that they resent your efforts and become nonproductive.

Do you know which of your employees are there to work—and which are there for the money? To find out, study three personality traits in each person: motivation, attitude toward outside interests, and attitude toward the job. ▶

THE AUTHOR is a veterinary practice management consultant in Los Gatos, Calif.

Does your community know who you are?

Veterinary technicians: High demand, short supply

BONUS: SURVEY REPORT ON VETERINARY FEES

OCTOBER 1990

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

FEES AND THE QUALITY PRACTICE: HOW TO STAND OUT IN THE CROWD

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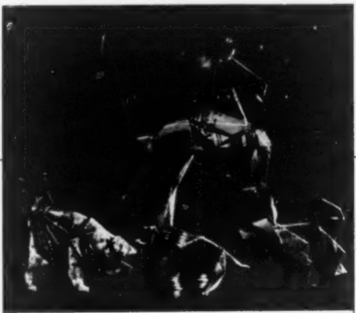

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MEMO FROM THE EDITOR

Quality and service culminate in self-worth

A slew of economic newsletters are currently reporting that service is the key to survival in today's soft economy. The editors of one source, which covers and is sent to thousands of businesses nationwide, turned to veterinary medicine for an example of the service it takes to survive. The newsletter pointed out to its readers that, in the face of the slower economy, a chain of animal hospitals is now offering extended hours, a new house-call service, receptionists who've been to "telephone school," and a brochure on pet care. Note that all of these services are practice builders that directly respond to client needs. Note, too, that "lowered fees" is not on the list of new offerings.

In this month's cover story, you'll find that service equates closely with quality, another distinguishing mark in a soft economy and a crowded marketplace. The author, Dr. Thomas Catanzaro, takes on the rather daunting task of defining "quality," which, like "service," is always presented as a goal but rarely defined. Of course, "quality" *is* difficult to capture in words. Among many concrete definitions, Dr. Catanzaro adds that quality is magic—in fact, it's power. (If "service" seems easier to define, see the Forecasts item, "Defining Service," on page 9.)

Dr. Catanzaro also injects a well-deserved and much-needed shot of self-esteem into the veterinary arm. In a sentence that I would like to print in gigantic letters somewhere, he advises veterinarians to say to their clients:

> *"For this price, you get the high-quality care we just discussed, you get my staff, and you get me."*

Think about that for a minute. *"For this price, you get me."* As far as I can tell, that's a pretty revolutionary statement in a profession that's quick to cut itself short when it comes to self-worth and to fees. It's also powerful commentary on the confidence you have every right to assert—and can no longer afford to ignore.

Becky Turner

Rebecca R. Turner

veterinary economics

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FEES AND THE QUALITY PRACTICE: HOW TO STAND OUT IN THE CROWD

Quality is the management buzzword for the 1990s, but what, really, does it mean? As you consider the tenets that define and inspire a quality practice, take a look at the fees charged by a nationwide sample of your colleagues. Are you providing quality—and then charging what you're worth?

By Thomas E. Catanzaro, DVM, MHA

To be successful in today's crowded marketplace, a veterinarian must be different—in a meaningful way—from other veterinarians. No point is more powerful than *quality* in setting you apart in today's veterinary health-care system, but what, really, is quality? *American Heritage* defines it as "superiority of kind and degree"; I'll add that it is comprised of four ingredients:

1. **Commitment**. Quality is bred of caring and is the reflection of active involvement.
2. **Process**. Quality encompasses the care we take in, and control we exert over, the technical aspects of our daily operations.
3. **Performance**. Quality is reflected in how well we meet or exceed expectations during every client encounter.
4. **Perception**. Quality comes through in how the service or product compares to the client's past personal experiences.

The elements of quality are the same whether you operate a small business or a major corporation. Consider, for example, the commitment of Ford Motor Company, the process expertise of Proctor & Gamble, the performance edge of American Airlines, and the perception of quality associated with Mercedes Benz. Unless your practice has all of these ingredients *and* you share them with your clients, you don't have quality.

Quality sets you apart

A commitment to quality requires a heavy investment in educating your clients and raising their "veterinary IQ." Our clients must be assisted in understanding and discerning quality in veterinary medical-care delivery. Why? Because to our clients, outcome and quality veterinary care are directly related: The better the outcome, the higher the quality.

The problem is that our clients generally can't judge the precision of a surgical incision or the completeness of a laboratory profile evaluation. They can, however, judge cleanliness, a caring attitude, and how well they are treated during admission or discharge of their pets. Their perception depends largely on how well you communicate quality through your practice environment.

The tenets

To pursue quality in your practice, you first must understand it. These seven tenets can help guide the way:

1. Quality is relative. It exists only in relation to other things; it is a measurement. Quality provides a real use for that "other" practice down the street.

2. Quality is situational. An

THE AUTHOR is hospital services director for the American Animal Hospital Association

Editor's note Within and following Dr. Catanzaro's article, you will find current fee statistics compiled through the latest VETERINARY ECONOMICS financial survey. Nearly 1,000 of your colleagues responded to our questionnaire, which was mailed last May to 2,000 practitioners. (For more information about the survey, see the September issue, page 45.)

action or thing that is regarded as quality in one situation may not be quality in another. This fact is especially true in reference to ancillary health-care services.

3. **Quality is dynamic**. The changes are continuous. Today's excellence is often tomorrow's mediocrity. Equipment that is extraordinary by today's standards may be commonplace tomorrow.

4. **Quality is made of symbols.** The turned-down bed, the sign that says "Handmade in Germany," and a tuxedo all mean quality. Although board certification or the AAHA logo mean quality to veterinarians, they don't mean much to clients. We have to elevate our clients' veterinary IQ so they will understand the significance of these designations.

1990
SURVEY RESULTS

HOW MUCH DO YOU CHARGE?

	Average client transaction fee for:	
Practice type	Clinical procedures and drugs	Merchandised products
All DVMs	$39.60	$20.40
Small animal	40.70	15.90
Mixed animal	29.20	16.30
Large animal	48.30	35.20
Equine	46.40	19.80

All figures are 1990 means (averages).
Source: VETERINARY ECONOMICS 1990 financial survey

5. **Quality is free.** It is far cheaper to do it right the first time, especially in the long run. If one client complains, you can be sure that at least nine others are not telling you of their dissatisfaction. Also count on each of these nine telling 11 more.

6. **Quality is magic**. It has an aura. It is much more than the sum of its parts. When the quality is right, it glows and touches everything around it. Walt Disney captured the aura long ago; study his success story.

7. **Quality is power.** It holds immense market strength, pulls clients to your practice from across town, and causes pride in participation.

A plan of action

One problem with quality is that yesterday's superstars often are copied, and their prowess becomes commonplace in the current market. That's why we must constantly strive to do the unusual as if it were usual, and to do the usual in an unusual way. A veterinary practice owner needs to take charge in order to hold a dominant quality position. Consider the following tactics:

- **Position yourself with a high-quality market niche.** Be a leader in a specific service.
- **Develop a high-quality reputation within your chosen market niche.** Colleagues will refer to your service as a yardstick of excellence, whether it be ultrasound or boxer ear crops.
- **Concentrate resources across narrow fronts.** The vet-

erinary practice environment is like a cookie jar: It is filled with opportunities, but the real challenge is to *not* eat the whole jar. The science of veterinary health care is too broad and advancing too fast for practices to be all things to all patients and still maintain high quality.

- **Manage your image.** In some communities, the high-tech approach is important, while in others, a high-touch format is important. Tie your programs to clients' wants and perceptions.
- **Communicate better outcomes.** Talk about wellness, explain the better outcomes, and take the initiative. If you don't, another veterinarian will.
- **Use the "Taurus" approach.** The best-selling car in America is an assemblage of pieces that worked best on other cars. The people at Ford remembered that quality is a sum of the parts and communicated this advantage to the public.

When someone compares your prices to another practice, be comfortable with responding, "For this price, you get the high-quality care we just discussed, you get my staff, and you get me."

Quality price, quality product

The American consumer equates quality with a premium price. More accurately, consumers are comfortable paying a premium price for quality. Consider, for example, the successes of Rolex, Mercedes, and others who communicate a discernible difference in quality. The evidence points to quality as a precursor to success.

If you make a commitment to quality, you can increase your market share. Quality also can have an impact on your profitability—especially in a veterinary practice, where overhead is basically a fixed cost. If your practice is dedicated to quality, you'll earn a higher return on investment than others who draw from the same potential client base.

The key to veterinary health-care success is to differentiate along parameters meaningful to the client. For now—and probably for the rest of this century—the most powerful and meaningful parameter is the perception of quality.

For a look at current veterinary fees by practice type, see the charts on the following pages. ▶

1990
SURVEY RESULTS

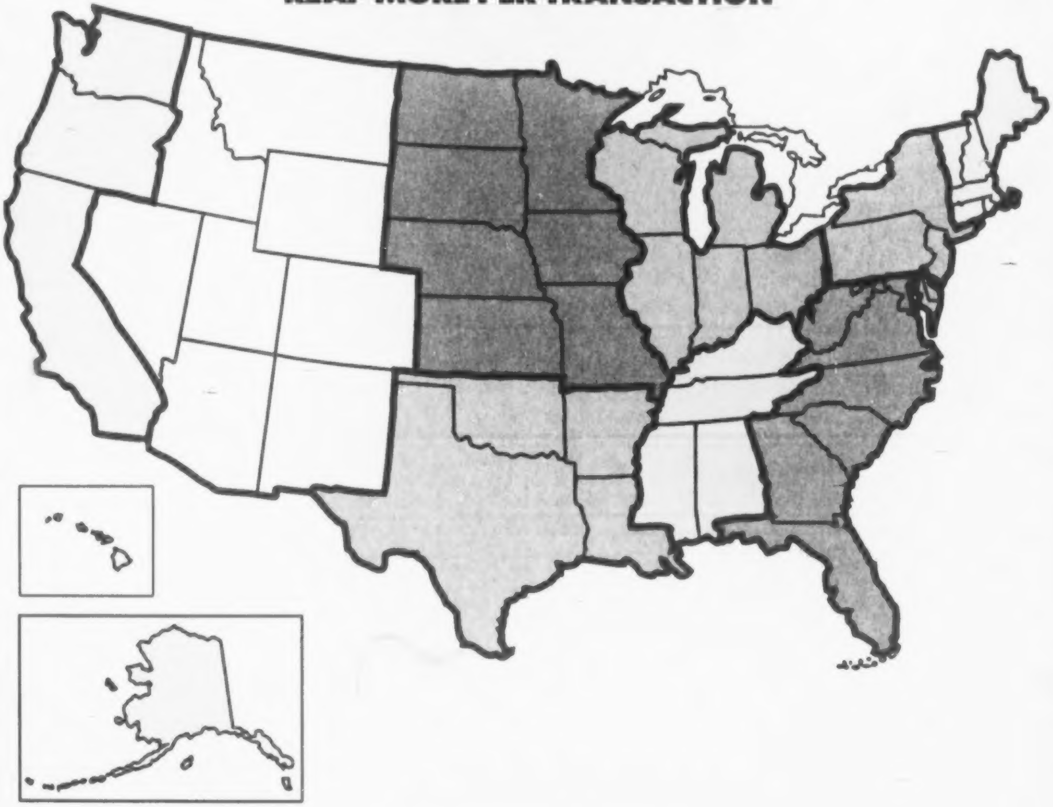
HOW DO YOU FARE IN THE FEE SCALE?

Nearly half of the survey respondents fall at the high end of the average client transaction fee scale.

Total average transaction fee	Percent of veterinarians
Less than $20	6.2%
$20-$29	10.8%
$30-$39	16.2%
$40-$49	17.1%
$50 or more	49.7%

Source: VETERINARY ECONOMICS 1990 financial survey.

PACIFIC VETERINARIANS REAP MORE PER TRANSACTION



Pacific	Great Lakes	New England
$59.10	$50.50	*

Mountain	Mid-South	Mid-Atlantic
*	*	$55.60

South Central	Plains	South Atlantic
$54.40	$48.50	$57.10

All figures are 1990 means (averages).
Average client transaction fees listed here include charges for clinical procedures, drugs, and merchandised products.
*Base is insufficient. Source: VETERINARY ECONOMICS' 1990 financial survey.

1990
SURVEY RESULTS

SMALL ANIMAL PRACTITIONERS' FEES

Total average client transaction fee*	$53.90
Office call (includes exam)	$20.10
Lab analysis:	
Urinalysis	$13.30
Fecal	$ 8.90
Serum chemistry profile	$35.10
CBC	$18.00
Heartworm test	$15.50
Feline leukemia test	$21.40
Vaccinations:	
Dog	$28.70
Cat	$27.60
Fee for procaine penicillin G injection:	
30-lb dog	$10.00
8-lb cat	$ 9.70
Hospitalization (including daily exam and boarding):	
30-lb dog	$19.20
8-lb cat	$17.60
Daily boarding, 30-lb dog	$ 8.40

Daily boarding, 8-lb cat	$ 6.90
Ovariohysterectomy (inc. anesthesia and hosp.):	
30-lb dog	$77.50
8-lb cat	$60.70
Diagnostic X-ray series (including sedation):	
2 or fewer films	$54.90
3-6 films	$85.90
Procedures and treatments:	
Heartworm treatment	$196.30
Dental scaling (dog, no extractions)	$52.90
Deworm 30-lb dog	$12.70
Deworm 8-lb cat	$ 9.70

All figures are 1990 means (averages).

*Includes clinical procedures, drugs, and merchandised products. Source: VETERINARY ECONOMICS 1990 financial survey.

▶

1990
SURVEY RESULTS

MIXED ANIMAL PRACTITIONERS' FEES

Total average client transaction fee[1]	$46.90
Office call (includes exam)	$14.90
Fecal	$ 6.40
Vaccinations:	
Dog	$22.00
Cat	$19.70
Horse	$20.50
Livestock	$ 4.50
Farm call:	
Mileage charge (cents per mile)	$ 1.00
Exam charge per animal	$11.20
Average total charge per animal	$30.40[2]

Hospitalization (including daily exam and boarding):	
30-lb dog	$9.70
8-lb cat	$ 8.50
Bovine	$10.50
Equine	$11.70
Daily boarding, 30-lb dog	$ 6.00
Daily boarding, 8-lb cat	$ 4.90
Ovariohysterectomy (inc. anesthesia and hosp.):	
30-lb dog	$58.50
8-lb cat	$46.30
Diagnostic X-ray series (including sedation:)	
2 or fewer films	$39.10
3–6 films	$58.20

All figures are 1990 means (averages).

[1] Includes clinical procedures, drugs, and merchandised products.

[2] Includes all medical work performed.

Source: VETERINARY ECONOMICS 1990 financial survey.

1990

SURVEY RESULTS

EQUINE PRACTITIONERS' FEES

Total average client transaction fee[1]	$61.50
Office call (includes exam)	$23.70
Lab analysis:	
Coggins test	$18.20
Fecal	$ 8.30
CBC	$18.60
Vaccination	$23.50
Farm call:	
Mileage charge (cents per mile)	$ 1.00
Exam charge per animal	$17.10
Average total charge per animal	$44.30[2]
Radiography:	
Two views	$35.20
Navicular series (per foot)	$56.20
Hospitalization (including daily exam and boarding)	$23.30
Fertility workup (female)	$81.50
Breeding soundness exam (male)	$120.10

Lameness exam	$33.10
Procedures and treatments:	
Deworming (one time)	$ 16.80
Castration	$104.80
Float teeth	$ 25.30
Suture skin laceration (per half hour)	$ 57.30
Intensive neonatal care (one-day)	$122.70
Medical treatment for colic (exc. exam)	$ 70.70

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[1] Includes clinical procedures, drugs, and merchandised products. All figures are 1990 means (averages).

[2] Includes all medical work performed. Source: VETERINARY ECONOMICS 1990 financial survey.